



U.S. Department of
Transportation

Private Sector Contracting Workshop Manual for Rural and Small Urban Public Transportation Providers

November 1988



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Workshop Manual
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SECTION I

INTRODUCTION

- *Welcome*
- *Background*
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- *UMTA Perspective on Private Sector Participation*

WELCOME

The International Taxicab Association (ITA) and the National Association for Transportation Alternatives (NASTA) welcome you to this contracting for services workshop developed for rural and small urban transportation providers. This session is one of four such workshops to be held at different locations throughout the United States. This workshop manual will be further developed and refined as the direct result of your input and that of the other participants from the other three sessions. In order to produce the best resource guide for transit operators in non-urbanized areas, the workshop sponsors request your suggestions for improvements in the manual's content and presentation. The manual will be available for distribution by the Urban Mass Transportation Administration (UMTA) following the workshops. It is UMTA's intent to have these sessions replicated by state agencies in other areas of the country based on the materials developed under the guidance of ITA and NASTA.

The workshop manual is organized in two sections. The first section follows the topics contained on the workshop agenda and will be used as background for the presentations and discussions held during the day's session. The second section of the manual contains actual examples of procurement documents, notices, procedures, etc. for use by the transit manager. Documents contained in the second section have been selected based on two nationwide studies on successful use of the private sector in rural, suburban, or small urban environments.

This workshop is sponsored by the Urban Mass Transportation Administration UMTA. ITA and NASTA appreciate the support of UMTA in the development of this manual.

BACKGROUND

Since January 1986, when UMTA first issued its policy on private sector participation in the delivery of publicly assisted transit services, the issues of contracting and introducing competition in the public transit industry have generated considerable discussion among service providers in both urban and rural areas. In rural areas, public agency operator concerns focus on principal aspects:

- **Services and service modes in rural areas are unique.**
- **Human service agency transportation requires specialized operator skills and equipment.**
- **There are a limited number of private operators.**

Despite these obstacles, rural transit operators throughout the United States have successfully entered into contractual service agreements. The purpose of this workshop is to promote the benefits of contracting by sharing these successful examples and providing planning guidance in developing private sector contracting opportunities at the local level.

WORKSHOP OBJECTIVES

The objectives of the workshop are:

- *To review UMTA policy on contracting and private sector participation in non-urbanized areas.*
- *To review the role of the states in implementing UMTA policy and any state specific private sector policy.*
- *To provide a framework for evaluating public sector services to identify contract opportunities.*
- *To provide a complete overview of the contracting process.*
- *To provide guidance for private sector providers on government purchasing policies and what to expect in the pursuit of potential contracts.*
- *To bring together both the public and private sector in an informal workshop setting to discuss contracting problems and opportunities.*
- *To provide examples of actual procurement documents.*

UMTA PERSPECTIVE ON PRIVATE SECTOR PARTICIPATION

The UMTA perspective on private sector participation in publicly assisted transit services is contained in the program regulations of the two main sources of UMTA financial assistance for transportation in non-urbanized areas, Section 18 and Section 16(b)(2). As both programs are managed by a designated state agency, state officials also have considerable responsibility and latitude for establishing and enforcing Federal policy. UMTA has recently updated regulations for both programs. The following material represents the requirements contained in the two circulars.

Section 18

- ***Federal Regulations.*** UMTA Circular 9040.1B, dated July 1, 1988, outlines UMTA procedures and requirements.
- ***State Certification.*** A designated state agency is responsible for certifying in an annual program of projects that local Section 18 grant recipients have afforded private for-profit transportation providers a "fair and timely" opportunity to participate in the planning and provision of the transit services to be financed under the grant.
- ***Regulations.*** UMTA regulations address eight areas:
 - ***Public Notices.*** Notification requirements during the public agency's grant application process;

- ***Coordination.*** The coordination of public and private services;
 - ***Private Endorsement.*** Consideration of the private sector in the provision of new or restructured services;
 - ***Evaluate Services.*** Periodic review of existing publicly provided services;
 - ***Barrier Identification.*** Identification of barriers to private sector participation and efforts to remove barriers;
 - ***Fully Allocated Costs.*** Identification of "fully allocated" costs in evaluating service proposals from the private sector; and,
 - ***Complaints.*** Establishment of a complaint process.
-
- ***UMTA Involvement.*** UMTA's role in reviewing complaints is limited to violations of local and state procedures.

The UMTA process emphasizes the importance of local government authority in evaluating, considering, and selecting private operators to participate in public transit services. All major decisions regarding private sector participation are made by local boards, commissions, or authorities. Successful contracting means that private operators must work cooperatively with these local authorities. Private operators should not expect UMTA to be involved in local service decisions.

Section 16(b)(2)

- ***Federal Regulations.*** UMTA Circular 9070.1B, dated July 1, 1988, outlines UMTA procedures and program requirements.
- ***State Certification.*** A designated state agency is responsible for certifying in an annual program of projects that local Section 16(b)(2) grant recipients have afforded private for-profit transportation providers a "fair and timely" opportunity to participate in the planning and provision of the transit services to be financed under the grant.
- ***UMTA Responsibility.*** UMTA's role in administering the Section 16(b)(2) is similar to the Section 18.
- ***Regulations.*** Key difference in UMTA regulations is the recipient's notification to the private sector in the grant application process.
- ***Private Sector Notice.*** Key difference in UMTA regulations is the recipient's procedures for private sector notification in the grant application process.
 - ***Public Notice.*** Applicant must either issue public notice; or
 - ***Sign-Off.*** Applicant must secure sign-off from an area private sector providers.

Other Federal Programs

The U.S. Department of Health and Human Services (HHS) provides funding under a number of programs that support passenger transportation services. In non-urbanized areas, HHS may represent the largest funding source for the transit provider. To date, HHS has neither adopted UMTA's private sector guidelines nor issued its own policy.

SECTION II

THE BENEFITS OF CONTRACTING

- *Public Sector*
- *Private Sector*

PUBLIC SECTOR BENEFITS

There are many benefits in contracting for services. Not all benefits will be realized in every contracting opportunity. Public agency transit providers should evaluate each opportunity and objectively assess benefits in each of the areas listed below.

- ***Cost Savings.*** One of the principal motives in contracting for services is that the private sector can often provide services of comparable quality at reduced costs. There are several reasons why private sector costs are lower in comparison to fully allocated public costs.
 - ***Lower Labor Costs.*** Wage scales and fringe benefits are typically lower in the private sector. Because labor wages and benefits constitute the largest cost component of operating expenses, lower wage rates contribute to the lower operating costs for the private sector.
 - ***Lower Overhead.*** As a profit-oriented concern, the private operator's overhead is less than the fully allocated overhead cost of a public agency.
 - ***Freedom from Regulatory Burden.*** Since the private operator is not a direct recipient of Federal assistance, the administrative burden

associated with the many grant compliance issues is not borne by private sector management.

- ***Equipment and Facilities.*** Equipment purchases, from planning to acquisition, may take upwards of two years. Contracting for service may provide immediate access to vans or sedans already in the private sector operator's fleet. If special or additional vehicles are needed, the private sector can obtain the equipment in a short period of time.

- ***Human Resources.*** Contracting provides the rural, small urban, and human service agency transit provider with solutions to the following problems associated with human resource management.
 - ***Labor Availability.*** Labor markets fluctuate. Contracting provides the transit manager with access to an additional, experienced labor force. The burden of employee recruitment, screening and training rests with the contractor.

 - ***Hiring Prohibitions.*** Due to local government hiring constraints, public agencies cannot always expand the labor force. In these circumstances, contracting provides the transit manager with an opportunity to provide new services during periods when hiring prohibitions are in effect.

 - ***Part-Time Labor.*** Some public agencies in rural areas may not have the latitude to use part-time employees. Contracting provides the transit manager with the flexibility to assign part-time schedules to the private operator.

- ***Private Sector Experience.*** The public sector transit supervisor can benefit from sharing management techniques and understanding the business approach employed by the private sector manager.

- ***Coordination Opportunities/Increased Productivity.*** Contracting provides the opportunity to effectively integrate public and private transit services. Coordination improves service productivity, meets Federal coordination requirements, and results in lower service costs to the public agency.

- ***Insurance and Liability.*** One of the greatest benefits to the public sector in contracting for service is the ability to transfer insurance and liability requirements to the contract provider. Additionally, contracting with private providers with large fleets may offer the advantage of the private operator's fleet insurance discount.

- ***Improved Utilization of Federal Assistance through Capital Costs of Contracting.*** Recent revision of Federal policy allows UMTA grantees to charge the capital component of a service contract as a capital expense rather than as an operating expense. The policy has created an incentive for public agencies to contract for services by providing Section 18 reimbursement at 80 percent of the contractor's capital cost.

PRIVATE SECTOR BENEFITS

There are many potential benefits for the private sector in the provision of contracted transportation services on behalf of a public agency. Although profit may be one of the major benefits, there are a number of others that may positively impact the operator's other transit services. This section highlights the benefits to the private operator.

- ***Enhancement of Revenues/Profit.*** Private operator participation in public sector contracting increases the revenue earned by the private operator. Many contracts are based on a fixed rate of reimbursement per unit of service. A properly priced contract results in a profitable return for the private operator.
- ***Expansion of Operations.*** Private sector operators achieve economic growth through the diversification of services. Provision of contracted services represents one method of diversification, thereby creating opportunities for business growth.
- ***Coordination of Services.*** Contracted services permit better utilization of equipment and resources, create opportunities to actively participate in the planning process, and add to the ability to gain higher productivity in both public and private service delivery.

- ***Wider Distribution of Fixed Costs.*** The private operator has costs that are not directly attributable or allocable to a specific component of transportation operations. When the private operator increases the volume of business through contracting, these overhead costs are distributed across a larger resource base, thereby lowering the unit costs of any individual service provided by the company.
- ***Business Expansion.*** Most service contracts carry both an individual trip authorization process as well as a limitation in eligible trip purpose or volume of service. These limits may not satisfy the transportation demand among the intended user group covered by the contract. In these circumstances, the private operator may be able to obtain additional business. For example, contracting may stimulate use of traditional taxicab services.
- ***Improvements in Public Relations.*** Contracting allows for good public relations by providing a high profile for the firm in the community.

SECTION III

PLANNING FOR CONTRACTING SERVICES

- *Public Sector Requirements*
- *Contracting Opportunities - Public Sector*
- *Contracting Opportunities - Private Sector*
- *Services Most Likely to Benefit from Contracting*

PUBLIC SECTOR REQUIREMENTS

This section outlines the requirements as set forth in UMTA Circular 9040.1B relative to the elements that must be addressed in adhering to the guidance provided in the Section 18 program regulations. The major elements are:

- *Notification;*
- *Coordination;*
- *Early Consultation;*
- *Consideration of Private Sector Service;*
- *Periodic Review of Existing Services;*
- *Barriers to Private Participation; and,*
- *Comparison of Costs.*

There are no rural and small urban planning requirements established by UMTA, although some states have established procedures for non-urbanized areas. These

state procedures should be consulted with respect to regulations or policies regarding consideration of the private sector in the planning process.

As with any element in the local planning process, transit operators should approach the issue of potential private sector participation in service delivery with an open and objective viewpoint.

- ***Preliminary Steps in the Planning Process.***
 - ***Develop Local Service Provider Inventories.*** List local paratransit, school bus, and non-emergency ambulance services.
 - ***Develop Management Company Inventory.*** List regional and/or national management companies that operate transit programs in non-urbanized areas.
 - ***Document Experience of Potential Contractors.*** Ascertain potential contractors' current scope of services, management personnel and skills, vehicles and resources, and interest in contracting.
- ***Early Consultation With the Private Sector.*** The Circular stipulates that "a fair appraisal of private sector views and capabilities should be assured by affording private sector providers an early opportunity to participate in the development of new transportation services." Generally, this early consultation requirement is best met by the following options.

- ***Advisory Committee(s).*** Establish local advisory committee(s) prior to initiation of new planning studies or appoint an on-going "service development review" panel.
 - ***Appoint Committee Membership.*** Appoint agency, user, citizen and private sector representatives to these panels and/or committees.
 - ***Committee Review.*** Submit all service proposals to advisory committee.
 - ***Committee Comment.*** Obtain and document impact from committee, particularly private sector representatives.
 - ***RFP.*** Solicit independent service proposals from the private sector in response to services being considered for implementation by the public sector.
- ***Coordination of Services.*** Section 18 recipients already must adhere to requirements that services should be coordinated, to the maximum extent feasible, with other local transportation services, including those funded by U.S. Department of Health and Human Services. This coordination requirement also extends to services provided by the private sector as well. In order to satisfy this provision, the public agency should respond as follows.
 - ***Identify Service Overlaps Between the Public and Private Sector.*** Evaluate information gathered in "Preliminary Steps" to identify overlap or duplication in services proposed or being provided by the public and private sectors.

- ***Stop Duplicative Services.*** Undertake efforts to eliminate duplicative services through planning, coordination and/or contracting.

- ***Consideration of Private Sector Services.*** The UMTA Circular states that when the public transit provider develops a proposal for "new or significantly restructured" services, consideration should be given to the private sector providing the service without public subsidy. Recent studies demonstrate the feasibility of unsubsidized services in rural areas. Local authorities should consider allowing private sector providers the opportunity to submit service proposals.

The more common occurrence in non-urbanized areas is that the service will require subsidy of some kind. In many cases, the private operator may be able to provide the service with less requirement for subsidy. The public agency should provide the private sector with an opportunity to competitively bid on such services.

- ***Periodic Review of Existing Services.*** The Circular states that Section 18 grant recipients should "periodically review" all transit services to determine if they can be more "efficiently provided" by the private sector. The guidance neither indicates how frequently this periodic review should occur nor defines the term "efficiently."

- ***Fair Evaluation.*** Recipients must fairly evaluate private sector alternatives.

- ***Frequency of Assessments.*** The evaluation should occur once every three to five years.

- ***Major Service Changes Require Assessment.*** The recipient is required to undertake more frequent assessments if there are major changes in local circumstances.

- ***Notification.*** Public entities should provide reasonable notice to the private sector regarding proposed services or grant application intent.
 - ***Public Notice Encourages Interest.*** Formal notices allow the public agency to provide announcement of intent to interested private providers who have not participated in the planning process.

 - ***Expands Pool of Interested Companies.*** Notice allows companies outside the applicant's service area with an opportunity to participate in service development or competitive contracting.

- ***Barriers to Private Sector Participation.*** During the initial phases of soliciting private sector views on service contracting, barriers to private sector participation should be identified. Examples of such barriers would include local taxicab ordinances that prohibit any type of shared riding; ordinances that would preclude companies assessing anything but the metered or tariff rate/fare; or regulations that would limit the operating scope of the private operator to exclude the scope of services desired by the public entity. When such barriers are identified, it may be necessary for the public agency to take the lead in requesting local elected officials to consider changes or amendments to the law, regulation, or ordinance to facilitate contracting.

- ***Comparison of Costs.*** Service proposals from the private sector must be evaluated on the basis of a fully allocated cost comparison (See Section IV).
- ***Local Decision-Making Process.*** Every public agency should develop a local policy statement that stipulates how the agency will address the requirements set forth by UMTA. A key element in this policy should be the development of a complaint resolution process. In some instances the public agency may receive objections from the private sector to new or restructured services, yet when provided an opportunity to offer proposals for service, the private operator may refuse to do so. It is not the intent of the UMTA policy to freeze the service development process at the local level in this circumstance. The locally defined policy should outline a process where an independent party (e.g., not the transit manager or board) would resolve such disputes in a manner that assures fairness to all parties.

Since designated State agencies are also required to have such a policy in place, local public operators should consult their Section 18 representative to ensure consistency with the State policy and procedures.

RECOGNITION OF CONTRACTING OPPORTUNITIES: THE PUBLIC SECTOR

The first step in the contracting process is to identify transit organization, management, maintenance, and operation of services that are potential contracting opportunities. The degree to which a public provider utilizes contracting to meet

service delivery goals can range from modest to complete participation by the private sector. Participation by the private sector is not limited to operations (Exhibit 3.1). Many areas of administration and maintenance lend themselves to contracting. Most rural or small urban transit systems are already likely to be contracting for audits or major repairs and maintenance. The focus of this manual, however, is on service contracting.

SERVICES MOST LIKELY TO BENEFIT FROM CONTRACTING

Experience in rural and small operating environments has shown the following services to be candidates for contracting:

- ***New Services***
 - ***Capability Concerns.*** Any new or expanded service that creates a burden on existing equipment or manpower resources.
 - ***Operational Changes.*** New service that is markedly different in service characteristics from current operating scope.
 - ***Operating Mode Changes.*** New service in a completely different operating mode.
- ***Existing Services***
 - ***Productivity.*** Service that is unproductive or inefficient.

Exhibit 3.1
CONTRACTING OPPORTUNITIES

Category/Name	Activity	Private Sector Provider
Administration		
• Grant Administration	<ul style="list-style-type: none"> • Grant Preparation • Manage Grants <ul style="list-style-type: none"> - recordkeeping - financial transportation - regulatory compliance 	<ul style="list-style-type: none"> • Consultant • Service Contractor • Management Company
• Reporting	<ul style="list-style-type: none"> • Develop Procedures and Forms • Data Collection • Data Analysis 	<ul style="list-style-type: none"> • CPA • Data Processing Comp.
• Computer Processing	<ul style="list-style-type: none"> • Software and Hardware Needs • Installation of System • Maintenance of System • Evaluating and Updating System • Turn-Key Services 	<ul style="list-style-type: none"> • Consultant • Service Contractor • Management Company
• Procurement	<ul style="list-style-type: none"> • Development of Specifications • Production Inspection • Inspection and Acceptance 	<ul style="list-style-type: none"> • Consultant • Service Contractor • Management Company
• Audit/Accounting	<ul style="list-style-type: none"> • Independent Year-End Audit • Overhead Audits • Monthly Accounting 	<ul style="list-style-type: none"> • CPA • CPA • CPA
• Planning	<ul style="list-style-type: none"> • TDP • Management Audits • Special Studies • Route and Schedule Evaluation 	<ul style="list-style-type: none"> • Consultant • Consult./Mgt. Company • Consult./Mgt. Company • Consultant/Mgt. Company/Service Contractor
• Marketing	<ul style="list-style-type: none"> • Marketing Analysis • Campaigns and Promotions • Manage Vehicle Advertis. Space 	<ul style="list-style-type: none"> • Research Firms • Marketing/PR Firms • Marketing/PR Firms
Maintenance		
	<ul style="list-style-type: none"> • Vehicle Cleaning • Body/Paint Work • Major Repairs/Overhauls • Routine Maintenance • Office Equipment 	<ul style="list-style-type: none"> • Local Garages • Specialty Service Corp. • Body/Paint Shops • Engine/Transmission Shops • Local Garages • Auto/Truck Dealerships • Business Machine Repair
Operations		
	<ul style="list-style-type: none"> • Employee Recruitment • Employee (Contract) Management • Employee Training • Vehicle Operations 	<ul style="list-style-type: none"> • Personnel Agency • Personnel Agency/Mgt. Comp. • Personnel Consult./Mgt. Comp. • Taxi/Limousine • Tour Companies • Paratransit Companies • Emergency Service Providers • School Bus Companies
	<ul style="list-style-type: none"> • Safety Training 	<ul style="list-style-type: none"> • Consultant/Mgt. Company

- ***Equipment Demands.*** Low density or demand areas that do not require van or small bus equipment assignment.
 - ***Profitability Potential.*** Any service or service segment that is characterized by operating cost in excess of prevailing private sector rates.
 - ***Deadhead Demands.*** Service that involves significant deadhead mileage.
 - ***Unusual Labor Demands.*** Service that requires driver split shifts and/or spread time pay or other service that results in unproductive driver labor time.
 - ***Overtime Potential.*** Service that requires overtime.
- ***Other Considerations***
 - ***Capital Acquisition.*** Service that requires capital acquisitions.
 - ***Vehicle Productivity.*** Service that makes inefficient use of vehicles.

RECOGNITION OF CONTRACTING OPPORTUNITIES: THE PRIVATE SECTOR

UMTA regulations require that public agencies solicit the input of the private sector in the earliest phases of the planning process and again during the grant application process. While UMTA places the burden of communications upon the public sector, private sector providers should take the initiative to establish linkages with the public provider. Persistence has proven to pay off!

The following strategies are recommended:

- ***Identify Contracting Sources.*** Identify all UMTA grant recipients that the company would be willing to enter into a contractual arrangement for the provision of services.
 - ***Contact Local Governments***
 - ***Contact State DOT***
 - ***Contact State Transit Association***
- ***Compare Capabilities and Limitations with Proposed Service.*** Evaluate the type(s) and level of services that could be provided under a service contract, objectively assessing capabilities and limitations.
- ***Gather Available Data and Scope Requirements.*** Communicate and/or arrange for an "information meeting" with the public provider; gather

information regarding scope of services, vehicles and equipment, ridership, management information requirements, and client populations.

- ***Prepare Qualification Brochure.*** Prepare information package providing a company profile and ability to provide contracted service.
- ***Get Involved.*** Become actively involved in local committees or organizations responsible for planning.
- ***Be Patient.*** The public agency may not be immediately receptive to private sector offers.

SECTION IV

THE CONTRACT DOCUMENT

THE CONTRACT DOCUMENT

The agreement (contract) between the contracting agency (public body) and the private sector provider forms the basis of understanding between the two parties. The purpose of the contract is to clearly define the responsibilities of each party, the exact nature of the services to be rendered, and the financial compensation to be provided for services rendered.

The contract elements detailed in this section are described in generic terms and have been listed in the typical order of their appearance within the contract document. The major elements of the contract document are:

- *The Period of Performance*
- *The Detailed Description of Services to be Provided*
- *The Requirements for Personnel and Equipment Necessary to Carry Out the Contract*
- *The Method of Compensation for Services Rendered*
- *The Definition and Assignment of Responsibilities of Each Party to the Agreement*

When developing the contract document, the contracting agency should describe each element in clear, concise terms.

ELEMENTS OF THE BASIC CONTRACT DOCUMENT

- *Contract Preamble*
 - *Identifies both parties to the agreement.*
 - *States purpose of agreement.*
- *Glossary of Terms Utilized in Contract*
 - *Defines contract terms.*
 - *Used to clarify the interpretation of contract provisions and intended meaning of terms.*
- *Period of Performance*
 - *States contract life.*
 - *Identifies the expected service start date.*
- *Scope of Services to be Provided*
 - *Describes the service area.*
 - *Details the days and hours of services.*

- *Describes the routes for fixed route services.*
- *Describes demand response services.* (i.e. required notice for service requests, cancellations, no-shows, etc.)
- *Equipment Requirements for Performance of Services*
 - *Lists the number of vehicles required.*
 - *Stipulates the required spare vehicle ratio.*
 - *Indicates the type of vehicles to be utilized and any special equipment required.* (i.e., vans, buses, automobiles; required seating capacity, handicapped accessibility features, etc.)
 - *Specifies which party is responsible for providing necessary equipment.*
 - *Explains the contracting agency's rights to periodic inspection of equipment.*
- *Vehicle Operator Requirements*
 - *Describes pre-employment provisions.*
 - . Special licensing requirements
 - . Physical examinations and/or substance abuse testing
 - . Review of driving record history

- . Required vehicle operation experience
- *Outlines the minimum driver training requirements and responsibilities.*
- *Specifies the passenger complaint procedure and the reporting of complaints to the contracting agency.*
- *Methods of Payment/Reimbursement for Services Rendered*
 - *Indicates maximum amount payable under the agreement.*
 - *States the method of request for reimbursement.*
 - *Details the invoice format and submission schedule.*
 - *Details eligible cost categories.*
 - *Explains the invoice review process and anticipated payment schedule.*
- *Service Revenues/Passenger Fares*
 - *States the fare structure and any discount passes or tickets to be utilized.*
 - *Details the passenger eligibility determination responsibility and ticket and/or pass sales requirements.*

- *Describes the fare collection and cash management procedures.*

- *Service Records - Management and Retention*
 - *Describes the records maintenance requirements ensuring isolation from other business records.*

 - *States requirements for operator's accuracy and accountability of records.*

 - *Sets confidentiality standards for client information*

 - *Details record retention period.*

- *Service Reporting Requirements*
 - *Details service delivery and financial reporting requirements.*

 - *Describes reporting categories, report formats and submission schedules.*

 - *Explains information collection procedures and provides a description of the methods required for accurate compilation.*

- ***Contract Audit Requirements***
 - States audit rights by the contracting agency and/or its Federal/State funding source representatives.
 - Sets standards for auditing service and financial records.
 - Details audit schedule.
 - Describes methods and/or procedures for resolution of audit findings.
- ***Insurance Requirements and Levels of Coverage***
 - *States required insurance coverage.*
 - *Describes minimum limits of liability and equipment replacement values.*
 - *Details "hold harmless" and indemnification clause.*
- ***Standard Federal/State Contract Provisions***
 - ***Required Provisions.*** Identifies and describes each of the required provisions and at a minimum includes: 1) Nondiscrimination in employment and/or receipt of services (Title VNEEO and Section 504); and, 2) efforts to utilize DBE's in the provision of services.

- *Subcontracting Requirements*

- *Describes use prohibition of subcontractors.*
- *Details rights to review subcontracts prior to execution.*
- *States responsibility for management of subcontracts and subcontractors.*

- *Statement of Independent Contractor*

- *Requires declaration that the proposer is an independent contractor and is not an agent, servant, or employee of the contracting agency.*
- *States that employees of the private provider are not agents, servants, or employees of the contracting agency.*

- *Resolution of Disputes*

- *States dispute resolution process.*
- *Describes board or committee formation to resolve disagreements.*
- *Details appeals process for board rulings.*

- *Termination of Contract*
 - *Delineates reasons (cause or convenience) for contract termination.*
 - *States timeframe for notification of intent to terminate.*
 - *Describes process for contract termination (e.g., disposition of equipment and final payment provisions).*
- *Amendments to Contract*
 - *States terms for contract amendments.*
 - *Details amendment process.*
 - *States that amendments must be mutually agreeable and incorporated as written attachments to the contract.*
- *Identification of Contract Managers/Contacts*
 - *States name, address and telephone number of contract manager(s) and service providers (both the private provider and contracting agency representative).*

The contract elements described herein constitute the major issues that must be addressed when contracting for services. However, due to the variety of local and State laws and/or ordinances, consultation with legal counsel is recommended to ensure that the contract document meets all necessary requirements.

Listed below are several other elements that may be appropriate for inclusion in the contract depending upon the proposal and/or the nature of the services to be provided by the private operator.

- *Service Marketing*
- *Surety Bonding Requirements*
- *Unavoidable Cost Escalation*
- *Method of Handling Fuel Tax Rebates*
- *Incentives for Productivity Improvements*
- *Penalties for Non-Attainment of Required Productivity Levels*

DETERMINING SERVICE COSTS/COST ALLOCATION

UMTA guidelines stipulate that public agencies must identify "fully allocated costs" in making service comparisons with the private sector. For the single purpose transportation agency (e.g., rural transit authority), identification of the full cost of service may be no more difficult than consulting the agency's budget. However, many nonurbanized area transit providers represent multi-purpose agencies, where transit may be only one in a variety of services. For these agencies, allocation of costs across this range of services is a key element in accurately developing fully allocated costs.

Another important component of fully allocated cost accounting, particularly for rural or human service agency operators, is the accounting of the value associated with contributed goods and services provided by volunteers and others. In a human service agency program, this contribution may be significant.

Steps to fully account for transportation costs consist of the following activities:

- *Define all functional activities in the planning, management, operation, and maintenance of the transportation program.*
- *Determine if costs incurred in the functional categories defined above are direct costs, indirect costs, or contributed costs.*
- *Allocate costs in the indirect category based on commonly accepted accounting principals or pro rata consumption by the transportation program.*

- *Assign value to goods and services that have been defined as contributed costs.*
- *Assign value of capital depreciation to vehicles used in the transportation service.*
- *Total all expenses.*
- *Develop unit cost rates; in this step it is useful to define cost as fixed or variable expenses.*
- *Assign fixed and variable expenses to service or service segments being considered for contracting.*

There are numerous resources available that define the exact procedural steps in the allocation and assignment of indirect costs and the determination of capital depreciation. The transit manager should consult these references during this stage of the planning process.

SPECIAL CONSIDERATION: CAPITAL COST OF CONTRACTING

One element of UMTA's private sector initiative is a provision wherein grantees can allocate the capital costs of service contracts to the capital component of the grant budget. The advantage of this policy is that reimbursement for the capital component of the service contract can be reimbursed with a higher rate of Federal

financial participation. UMTA has allowed the private sector an advantage in the grantee's consideration of contracting opportunities.

Features of this provision include:

- ***Federal Interest in Capital.*** UMTA involvement is only in the lease portion of capital, therefore, the Federal government does not have an interest in the assets of a private provider.
- ***Standard Capital Eligibility.*** Eligible items include those defined as capital in UMTA program circulars.
- ***Private Acquisitions.*** Only capital that has not been purchased with Federal funds is eligible.
- ***Local Determination of Cost Computation.*** Eligible expense participation is determined by generally accepted methods of calculating depreciation.
- ***Ceilings on UMTA Participation.*** There are ceilings on Federal participation levels, either the lower of: (a) actual depreciation; or (b) a percent of the total contract costs. The percentages in the second method have been defined by categories:

- Elderly and Handicapped Services	20%
- Circulation Services	25%
- Commuter Services	35%
- Vehicle Maintenance Services	25%
- ***Public Transit Service.*** Capital leasing can only be employed if equipment is used in eligible public transit service.

- *Other Conditions Apply.* Standard UMTA grant conditions may apply; consult the UMTA Circular C 7008.1 on Capital Cost of Contracting, dated March 30, 1987.

SECTION V

CONTRACT MONITORING

- *Service Monitoring*
- *Maintenance Monitoring*
- *Financial Monitoring*

CONTRACT MONITORING

Contract monitoring is an element of contracting where both the private provider and public agency have responsibilities. Private providers must monitor their activities to ensure fulfillment of contractual obligations. Public agency monitoring is required by Federal and/or State funding sources in order to provide accountability in the use of funds. Monitoring is an essential function for both parties when contracts are based on incentives for improved productivity or penalties for non-attainment of performance goals.

All elements of the contract for service warrant some level of regularly scheduled monitoring. Several key areas can provide an overall picture of the contracted service arrangement. These areas have been segregated into three major topics with suggested monitoring criteria listed for each.

Service Monitoring

- ***On-Street Observation***
 - ***Schedule adherence.***

- *Vehicle operator techniques, and general driving rules and regulations.*
- *Accident/Incident Reporting*
 - *Types of passenger and vehicular accidents, and frequency.*
- *Service Statistical Reporting*
 - *Number of passengers carried.*
 - *Trip Purposes* (i.e., medical, recreational, nutrition, etc.)
 - *Number of no-shows and/or service cancellations.*

Maintenance Monitoring

- *Breakdowns and/or Road Calls*
 - *Number*
 - *Type*
 - *Frequency*

- *Vehicle Inspections*
 - *Interior and exterior appearance.*
 - *Safety features and equipment.*
- *Preventive Maintenance*
 - *Daily vehicle pre-trip/post-trip inspection reports.*
 - *Scheduled servicing of major components. (i.e., brakes, tune-ups, etc.).*

Financial Monitoring

- *Review of Requests for Payment/Reimbursement*
 - *Documentation of requests.*
 - *Comparison of ridership statistics to service charges.*
- *Annual Audit of Contract*
 - *Revenues Collected*
 - *Expenses*
 - *Accuracy of records.*

Technical Assistance References

Public/Private Transportation Network

PPTN - 1-800 / 522-7786

Rural Technical Assistance Program

RTAP - 1-800 / 527-8279

International Taxicab Association

ITA - 1-301 / 946-5700

UMTA Policy Statement

Friday
January 24, 1986

Part III

**Department of
Transportation**

**Urban Mass Transportation
Administration**

**Guidance on Private Sector Participation
for Section 18 and Section 16(b)(2)
Recipients; Notice**

DEPARTMENT OF TRANSPORTATION

Urban Mass Transportation
Administration

[Docket No. 86-B]

Guidance on Private Sector
Participation for Section 18 and
Section 16(b)(2) RecipientsAGENCY: Urban Mass Transportation
Administration. DOT.

ACTION: Notice.

SUMMARY: This Notice provides guidance to section 18 and section 16(b)(2) recipients for complying with the Urban Mass Transportation Administration's (UMTA) policy, "Private Enterprise Participation in the Urban Mass Transportation Programs," 49 FR 41310 (1984).

DATE: The policy provisions of this Notice are effective upon issuance. New information requirements are effective beginning in Fiscal Year 1987. UMTA is interested in receiving comments on this Notice. Comments will be accepted for sixty (60) days after publication in the Federal Register.

ADDRESS: Comments on this Notice should be submitted to UMTA Docket Number 86-B, Urban Mass Transportation Administration, Room 9228, 400 Seventh Street, SW., Washington, DC 20590. All comments and suggestions received will be available for examination at the above address between 8:30 a.m. and 5:00 p.m., Monday through Friday. Receipt of comments will be acknowledged by UMTA if a self-addressed, stamped postcard is included with each comment.

FOR FURTHER INFORMATION CONTACT: Mr. Douglas Birnie, Acting Director, Office of Private Sector Initiatives, Room 9310, Telephone (202) 426-6385, UMTA, 400 Seventh Street, SW., Washington, DC 20590.

SUPPLEMENTARY INFORMATION: On October 22, 1984, UMTA published its private sector policy statement in the Federal Register. The policy statement provided guidance to the major UMTA programs, sections 3 and 9, for achieving compliance with the private enterprise provisions contained in the UMT Act, and "to promote greater reliance on the private sector in the provision of mass transportation services both as an independent private sector activity and through competitive contractual arrangements with public bodies". The three provisions of the UMT Act which address private sector involvement, sections 3(e), 8(e), and 9(f), address urbanized area planning and

programming processes, and for this reason the section 18 and section 16(b)(2) programs were not cited in the policy statement, although section 16(b)(2) subrecipients within urbanized areas were implicitly covered.

On November 19, 1985, the UMTA Administrator signed a "Dear Colleague letter" which stated that the basic spirit and principles of UMTA's policy statement on private sector participation apply to the section 18 and 16(b)(2) programs and should be recognized by States and subrecipients in the project and program development processes. The letter mentioned the longstanding procedure in the section 16(b)(2) program requiring nonprofit agencies applying for capital grants to formally notify private operators of their intentions and invite their written comments and signoffs on the applications.

It is recognized that the method of applying the policy must take into consideration the nature and characteristics of the rural and small urban environment and the wide variety of small operations funded under these two programs. It is also recognized that a number of States already have good policies and procedures in place for involving the private sector in State-administered transit programs, and that in these cases, significant changes may not be required.

UMTA intends to issue a Circular establishing permanent guidance for sections 18 and 16(b)(2) recipients. To ensure that grantees and other affected parties have full opportunity to participate in the establishment of this guidance, UMTA invites comments on this Notice. Such comments will be considered in the development of further guidance.

Issued: January 16, 1986.

Ralph L. Stanley,
Administrator.

Urban Mass Transportation
Administration, Guidance on Private
Sector Participation for Section 18 and
Section 16(b)(2) Recipients

1. Purpose

This Notice recites the elements of the private sector policy which apply to the section 18 and section 16(b)(2) programs and clarifies the State's role in implementing and assessing compliance. The Notice also outlines the type of information considered reasonable to be provided by local recipients so that State agencies can assess local recipients' compliance with the policy, and it outlines procedures and guidance which States must incorporate into their State Management Plans.

2. Scope

This Notice provides guidance for all applicants for Federal assistance under section 18 and 16(b)(2) of the Urban Mass Transportation Act of 1964, as amended. The policy provisions of this guidance are effective upon issuance. New information requirements are effective beginning in Fiscal Year 1987.

3. Guidance

The following provisions contained in or based upon the October 22, 1984, policy statement apply to the section 18 and section 16(b)(2) programs.

a. *Notification.* Local entities should provide reasonable notice to private transportation providers and possible new business entrants regarding proposed services and opportunities for private transportation providers in order that they may present their views concerning the development of local plans and programs. To the extent possible, it is also desirable to make known in advance the criteria which will be taken into account in making public/private service decisions.

b. *Early Consultation.* A fair appraisal of private sector views and capabilities should be assured by affording private providers an early opportunity to participate in the development of projects. Private providers should be given opportunity to present their views concerning the development of local transportation plans and programs and to offer their own service proposals for consideration.

c. *Consideration of Unsubsidized Private Sector Service.* When the need for new services is defined or services are significantly restructured, consideration first should be given to whether private carriers could provide such service in a manner which is consistent with local objectives without public subsidy.

d. *Periodic Review of Existing Services.* Existing transit services should be periodically reviewed to determine if they can be provided more efficiently by the private sector. Public officials should encourage possible adjustments in local regulations or existing service requirements in order to permit private carriers to perform service without subsidy in the free market.

e. *Consideration of Private Carriers to Provide Assisted Services.* Where it is determined that public assistance is required for new or substantially restructured mass transportation services, consideration should be given to the capability of private providers to provide them.

f. Local Barriers to Private

Participation. UMTA does not consider it acceptable for localities to foreclose opportunities for private enterprise by simply pointing to local barriers to their involvement in federally assisted local transportation programs. In general, a simple reference in the public record to public agency labor agreements or a local policy that calls for direct operation of all mass transportation services would not satisfy the private enterprise policy.

g. True Comparison of Costs. When comparing the service proposals made by public and private entities, all the fully allocated costs of public and nonprofit agencies should be counted. Subsidies provided to public and private nonprofit carriers, including operating subsidies, capital grants and the use of public facilities should be reflected in the cost comparisons. If a private for-profit carrier receives public subsidies, these should be indicated.

h. Complaint Procedures. Since the underlying spirit of the UMT Act is to afford communities maximum flexibility in local decisionmaking, it is appropriate that questions dealing with the fairness of local procedures and decisions be addressed at the local level. Accordingly, a discrete local mechanism, preferably independent, should be devised for resolving disputes in a manner which assures fairness to all parties. In the absence of a locally developed process, the State may prescribe and/or be party to a local process. Complaints which cannot be resolved at the local level should be resolved at the State level. State agencies are required, as part of their State Management plan, to have in place a mechanism for resolving conflicts or complaints from private transportation providers, including hearing and appeal procedures.

i. UMTA will entertain complaints from private enterprise organizations only upon procedural grounds based on the following claims: That the local project development process has not established procedures for the maximum feasible participation of private transportation providers consistent with the spirit of the policy; or that the local procedures were not followed; or that the State hearing and appeals procedures do not provide for fair resolution of local disputes. UMTA will not review disputes concerning the substance of local decisions regarding service or who should provide the service. Nor will UMTA entertain procedural protests prior to a disposition of complaints at the local and State level.

j. Documentation. Grantees are expected to maintain public records that document private participation in the project development process and the rationale used in making public/private service decisions. This information, along with State documentation, will be the primary evidence of compliance with the policy if a complaint is sent to UMTA.

k. "Private nonprofit organization". For purposes of implementing this policy, a private nonprofit organization which is exempt from taxation under 26 U.S.C. 501(a), or which has been determined under State law to be private nonprofit, is *not* included in the term "private enterprise", and is *not* considered to be a private transportation company or carrier.

4. State Role

The State agency administering the section 18 and section 16(b)(2) programs is responsible for having in place policies and procedures for achieving compliance with UMTA's private sector policy. In order to receive a section 18 or 16(b)(2) grant, State agencies are required to certify to UMTA that local recipients have afforded private for-profit transit and paratransit operators a fair and timely opportunity to participate to the maximum extent feasible in the planning and provision of the proposed transportation services. This assurance is one of the "State Assurances" contained in UMTA program circulars 9040.1A, and 9070.1A. In making this assurance, the State is henceforth assuring to UMTA that the policy provisions of this notice have been complied with. As is the case with other assurances for these programs, local projects must be placed in Category B of the State's program of projects until all the assurances, including participation by the private sector, can be made.

5. Information Requirements

a. Local Recipients. In order for the State to make the required assurance to UMTA, each local applicant should make available to the State agency, either in its application for funds, or through other channels, information which addresses the following areas, as appropriate:

1. The current participation of private providers in section 18 or 16(b)(2) supported services.

2. All efforts to provide written notice to private providers of proposed services.

3. All forums, meetings, hearings, or other opportunities for involving the

private sector early in the project development process.

4. Description of private sector proposals, if any, offered for consideration, and the rationale for inclusion or exclusion.

5. Methods for periodically reviewing existing services to determine whether they can be provided more efficiently by the private sector.

6. Any locally established criteria for making public/private service decisions.

7. The local methodology for making true cost comparisons when there are two or more operators interested in providing service.

8. Any complaints from private operators and how these were resolved.

9. The local mechanism for resolving conflicts or complaints involving private operators.

b. State agencies: Each State's State Management Plan for the section 18 program must be revised as necessary to fully address the areas listed below. If the same procedures will be used for the section 16(b)(2) program the State agency should so indicate. If they are different, the State should provide these to UMTA, since there is no State Management Plan requirement for the section 16(b)(2) program.

Revisions to the State Management Plans or section 16(b)(2) procedures must be received in the UMTA Regional Offices by July 31, 1986. These must be approved by UMTA before FY 1987 grants will be awarded. Revisions should:

1. Describe the State's procedures and requirements for achieving participation by private providers in local services at the beginning of the project development process and in the provision of service.

2. Describe the State's guidance to and requirements of local applicants to address implementation of the private sector policy.

3. Describe the State's process for resolving conflicts or complaints from private transportation providers that cannot be resolved at the local level, including hearing and appeal procedures.

4. Describe any technical assistance that the State provides to assist local recipients to involve the private sector; or technical assistance that is provided to private operators to assist them to participate in UMTA assisted services.

6. *UMTA Oversight.* In order to ensure that the policy objectives are being carried out, UMTA Regional staff will conduct periodic State level reviews.

[FR Doc. 86-1623 Filed 1-23-86; 8:45 am]

BILLING CODE 4910-57-M

Sample Contracts

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AGREEMENT NUMBER OF CONTRACTS
BETWEEN
THE CITY OF LOS ANGELES
AND
TRANSIT CONTRACTORS, INC.
RELATING TO THE
SAN FERNANDO VALLEY COMMUNITY TRANSIT PROGRAM

THIS AGREEMENT is made and entered into by and between the City of Los Angeles, a municipal corporation, hereinafter called the City, and Transit Contractors Inc., a California corporation, hereinafter called the Contractor.

F I N D I N G S

The City of Los Angeles has established the need for transportation services to improve the mobility of elderly and physically handicapped residents in various areas of the City.

Ordinance Number 151,832 and 152,954 together define contractual powers and duties of the Department of Transportation (DOT) involving the development and operation of community transit services.

The City Council has approved funding for community transit services in said area using Proposition A Local Transit Assistance (PALTA) Funds.

The Los Angeles County Transportation Commission (LACTC) has approved funding for community transit in said area using Transportation Development Act (TDA) Article 4.5 funds.

The City and the Contractor agree as follows:

A G R E E M E N T

I

INTRODUCTION AND CONDITIONS PRECEDENT

Section 101. Parties to the Agreement

The Parties to this Agreement are:

1. The City of Los Angeles, a municipal corporation, having its principal office at 200 North Spring Street, Los Angeles, CA 90012.
2. The Contractor, a California corporation known as Transit Contractors, Inc., located at 100 Oceangate, Suite 420, Long Beach, CA 90802.

Section 102. Representatives of the Parties and Service of Notices

The representatives of the respective parties who are authorized to administer this Agreement and to whom formal notices, demands and communications shall be given are as follows:

A. The representative of the City shall be, unless otherwise stated in the Agreement:

Kenneth E. Cude, Division Engineer
Franchise and Transit Services Division
Department of Transportation
Room 1600, City Hall
200 North Spring Street
Los Angeles, CA 90012

B. The representative of the Contractor shall be:

John Barbat
Senior Vice President
Transit Contractors, Inc.
100 Oceangate, Suite 420
Long Beach, CA 90802

C. Formal notices, demands and communications to be given hereunder by either party shall be made in writing and may be effected by personal delivery or by mail.

D. Written notice shall be given within five (5) working days if the name of the person designated to receive the notices, demands or communications or the address of such person is changed.

Section 103. Time of Performance

A. The term of this Agreement shall commence September 1, 1985 and end September 30, 1986, provided said term is subject to the provisions of Section 701 herein. Performance shall not commence until the Contractor has obtained the City's approval of the insurance required in Section 601 herein, and until funds are approved for this Agreement.

B. The actual provision of transportation services shall not commence until October 1, 1985. The period from September 1, 1985 through September 30, 1985 shall be for the processing of accounting documents which will enable timely payment to the Contractor of any advanced payment approved by DOT.

C. The City shall have the option of extending this Agreement by one or more contracts, without competitive bid, but such extensions shall not be beyond November 30, 1988, provided performance is satisfactory and additional funds are available.

Section 104. Conditions Precedent

A. Prior to the execution of this Agreement, the parties have cooperated in the preparation of the following:

1. Project Service Area Maps, which delineates the geographic boundaries within which eligible persons must reside to receive the services described herein under Section 203 of this Agreement and which are attached hereto as Exhibit V and VI, and by this reference incorporated herein.

2. Budget documents, which shall control the expenditures of the Contractor, and by the following references are incorporated herein:

a. Budget Summary, which is a summary by cost category of all approved expenditures, and which is attached hereto as Exhibit I.

b. Program Budget, which is a detailed itemized listing by cost category of all items approved for expenditures, and which is attached hereto as Exhibits II through IV.

B. Prior to the execution of this Agreement, the Contractor shall submit to the City for approval, in writing, the following documents:

1. The Contractor's Administrative, Financial, and Accounting Procedures.

2. Contractor's Personnel Policies and Procedures, which shall include personnel practices, an organization chart, job descriptions and benefits.

3. Equal Employment Practices Plan or an Affirmative Action Program in accordance with Section 630 herein.

4. A proposed depository agreement with a bank verifying the establishment of an interest bearing account for the receipt of funds from the City under this Agreement. The depository agreement shall set forth the right of the City to exercise a suspension of business upon proper notice to the bank.

Changes to the foregoing documents affecting the performance of the Contractor under this Agreement shall receive City approval in writing before the Contractor may effect the change.

C. Prior to the execution of this Agreement, the Contractor shall provide the City with copies of its Articles of Incorporation, as filed with the Secretary of State, By-Laws, resolutions or other corporate actions specifying the names of persons authorized to obligate the Contractor, and all amendments thereto.

II

DUTIES AND POWERS OF THE CONTRACTOR

Section 201. Independent Contractor Status of the Contractor

The parties agree that the performance of the Contractor's services hereunder shall be in the capacity of an independent contractor and that no employees of the Contractor have been, are, or shall be employees of the City by virtue of this Agreement, and the Contractor shall so inform each employee organization and each employee who is hired or retained under this Agreement.

In fulfilling its responsibilities under this Agreement, the Contractor shall serve in the best interest of the program and the City. The Contractor shall promote the program, its sponsors and service providers in a positive manner.

In the County unincorporated areas this Agreement is by and between the City and Contractor and is not intended, and shall not be construed, to create the relationship of agent, servant, employee, partnership, joint venture, or association, as between City and Contractor.

Contractor understands and agrees that all persons furnishing services to City pursuant to this Agreement are, for purposes of Worker's Compensation liability, employees solely of Contractor and not of City.

Contractor shall bear the sole responsibility and liability for furnishing Worker's Compensation benefits to any person for injuries arising from or connected with services performed on behalf of Contractor pursuant to this Agreement.

Section 202. Contractor Agreements

A. The Contractor shall submit to the City a list of all grant or funding agreements entered into between the Contractor and other public or private organizations concerning the activities funded under this Agreement and of any termination, default, suspension or disallowed costs under said funding agreements. The Contractor shall inform the City in writing of all new sources of funding the Contractor may acquire during the term of this Agreement concerning the activities funded under this Agreement.

B. A copy of any of the above agreements shall be furnished to the City upon its request.

Section 203. Services to be Provided by the Contractor

The Contractor shall be responsible for operating in compliance with governmental codes, regulations, and directives applicable to such programs and as defined in this Agreement as follows:

A. Dedicated Vehicle Service

The San Fernando Valley Community Transit Program known as Valtrans, shall provide demand response transportation for the elderly (65 years of age and older) and physically handicapped who reside in the San Fernando Valley area of the City of Los Angeles, bounded by the City limits to the north, east, and west, and by Mulholland Drive to the south (Refer to Service Area Map, Exhibit V). Demand response transportation shall also be provided for the elderly (60 years of age and older) and handicapped residing in the unincorporated County area of Calabasas (Exhibit VI).

Eligible handicapped persons in the unincorporated County area of Calabasas are persons who by reason of physical or mental disabilities cannot reasonably use conventional transportation services. Eligible handicapped persons in the City service are persons with a permanent physical disability who are 16 years of age or older.

The program shall provide door-to-door vehicle transportation for the homebound, as requested, with the objective of preventing the unnecessary institutionalization of competent handicapped and elderly persons who need this specialized transportation to conduct basic life support activities outside of the home (medical appointments, shopping, employment, school, and personal assistance). This service shall be subject to the following provisions:

1. The Contractor shall provide approximately 38,400 vehicle hours with a nineteen (19) vehicle fleet. The Department may reduce the fleet size in one-vehicle, monthly increments, when the fleet productivity reaches two (2) passenger trips per hour or less.

2. For zones with dedicated vehicles, service shall be available between 7:00 a.m. to 6:00 p.m. during weekdays, except for the following holidays.

Thursday, November 28, 1985, Thanksgiving Day
Wednesday, December 25, 1985, Christmas Day
Wednesday, January 1, 1986, New Years Day
Wednesday, January 15, 1986, Martin Luther King Jr's Birthday
Monday, February 24, 1986, Washington's Birthday Observed
Monday, May 26, 1986, Memorial Day Observed
Friday, July 4, 1986, Independence Day
Monday, September 1, 1986, Labor Day

3. Dedicated vehicle transportation service shall be provided from within a zone and to a destination no further than 0.5 air miles outside of a zone service boundary. Likewise, a return dedicated vehicle trip shall not originate further than 0.5 miles outside of the zone boundary to which it is destined. Trip requests for interzonal rides shall be provided for medical, work and school, within budgetary constraints. All other interzonal requests shall be reviewed by the DOT. Trips to medical appointments to and from special medical facilities approved by DOT and within 5.0 air miles from the service area boundary may be provided when requested.

4. Zone boundaries shall be established by the DOT.

5. The Contractor shall charge a \$0.50 fare per one-way trip. An escort required to accompany any eligible user due to his/her frailty shall not be considered a fare paying passenger. The Contractor shall be responsible for farebox revenue collection and banking in such a manner that will ensure sound internal control and accountability.

6. The Contractor shall be responsible for the safe entry and exit of riders from the Contractor-operated vehicles which may include aiding passengers in reaching the edge of private property, sidewalk, or other appropriate area, but need not include escort into private property or buildings, or aid in the negotiation of stairs or other barriers to the disabled not under the control of the Contractor.

7. The Contractor shall provide to clients within 10 minutes of the scheduled arrival time in eighty-five (85) percent of the cases. Vehicle time for late trips in excess of 15% of all trips taken will not be reimbursed.

8. The Contractor shall adjust dedicated vehicle deployment so that idle time prior to initial pick-ups and deadhead time subsequent to final drop-offs does not exceed 30 minutes.

9. The Contractor shall ensure that all vehicles in the dedicated fleet are painted white and uniformly labeled with blue lettering on all four sides. The vehicle labeling shall be approved by DOT. The Contractor shall provide labeling for all vehicles operating in the Valtrans Program.

10. The Contractor shall be responsible for ensuring that trips subsidized through other continuing funding sources prior to the execution of this Agreement shall not be subsidized by funding from this Agreement.

11. The Contractor shall be responsible for ensuring that all drivers have a uniform shirt labeled with the Valtrans name and the driver's name. The Contractor shall ensure that its drivers wear the shirt at all times while providing service.

B. Consolidated Reservation Service

1. The Contractor shall receive and schedule all Valtrans trip orders by phone from eligible passengers, provided that such orders may be refused if they are received less than 24 hours prior to the scheduled pick-up time. The Contractor shall assign trip orders to various transportation providers according to procedures established by the Contractor subject to approval by the DOT.

2. The Contractor shall schedule and dispatch trips to twenty (20) Medi-Ride Inc., owned dedicated vehicles and drivers and shall integrate said vehicles and drivers with the Contractor's fleet for the purpose of assigning trips. The provisions described in Section (203 A) of this Agreement shall also apply to Medi-Ride Inc's vehicles.

3. Intrazonal Trips. The Contractor shall receive reservations for all intrazonal trips and shall schedule and dispatch the greater majority of such trips on dedicated vehicles. During such periods when the dedicated vehicles are not available the trip may be referred to Medi-Ride, Inc., for scheduling and dispatching on an insertion basis.

4. Interzonal Trips. The Contractor shall receive reservations for interzonal trips and shall determine if said trips should be served by Medi-Ride, Inc., on an insertion basis.

5. All eligible residents requesting service will reserve the trip with the Contractor only, regardless of the designated provider, and shall be told immediately by the Contractor if the trip can be served as requested.

6. Long distance trips not otherwise served above shall be partially served by offering to deliver the eligible user to an SCRTD bus stop.

7. A minimum of eight (8) telephone lines dedicated to receiving calls requesting trips and information, which operate on a rotary system, shall be provided and maintained by the Contractor. A separate telephone line exclusively for receiving calls from Medi-Ride, and the DOT shall be provided by the Contractor.

8. The Central Reservation Service shall be available to receive calls for service between 8:00 a.m. and 5:00 p.m. during weekdays, except for the

eight (8) holidays listed in Section 203.A.2. of this Agreement. The Insertion trip provider may serve clients who have special time-critical medical appointments (such as dialysis and radiation therapy treatments) during weekends, holidays, and other periods outside regular operating hours, subject to vehicle availability. The Central Reservation service shall assist in scheduling these time-critical trips.

9. Subscription service shall be established by the Contractor when it will result in improved service quality or efficiency. Procedures for establishing all subscription service shall be reviewed and approved by DOT prior to implementation.

10. Trip priorities will be established by the DOT and may be subject to periodic change due to fluctuation in trip demand. The Contractor shall adhere to DOT established trip priorities.

C. Computer Assisted Scheduling and Management Information System

1. The Contractor shall develop, implement and operate a computer-assisted scheduling and management information system for Valtrans. The system will consist of four subsystems:

a. Trip Sheet Processing. Software shall be created that is capable of processing driver trip logs and creating summaries for service evaluation. The exact summary format and input data required will be developed by the Contractor subject to review and approval by the DOT.

b. Computer-Assisted Scheduling. The Contractor shall develop software to provide computer-assisted scheduling. The software shall have the capability of listing assigned trips by vehicle and time and unassigned trips requests by pick-up time. The exact format and elements of the summaries and assists available from the software will be developed by the Contractor subject to review and approval of the DOT.

c. Client Certification File. The Contractor shall develop the necessary software to electronically file and provide for the summarizing of client certification information. The Contractor shall maintain the client certification file using information provided off the client certification forms.

d. Performance Indicators. The Contractor shall develop software which can systematically store and summarize performance indicators collected from daily and monthly standard forms (driver logs, etc.). These data shall be used to create system summaries containing indicators for current month, previous month, year to date, same month previous year and previous year to date. The specific format and performance indicators shall be developed by the Contractor subject to review and approval by the DOT.

2. Implementation

a. The Contractor shall develop the software for the Computer Assisted Scheduling and Management Information System on a IBM micro-computer with hard disk storage. The system shall be designed so that all systems can run on a single IBM PC/AT micro computer.

b. The Contractor shall furnish and maintain all hardware including all peripheral equipment necessary to make the system functional and develop and implement the four subsystems described in Section 203 C.1. of this Agreement.

3. The Contractor agrees that the City is hereby granted a non-exclusive license to use all software and hardware to be provided under this Section and that at the termination of this contract all software and hardware will be delivered to the City. The Contractor shall also guarantee that continued support will be provided after implementation and that the computer assisted scheduling and management information system is a fully documented system.

The documentation shall include:

a. System Description - General description of all components comprising the system.

b. Theory of Operation - Detailed description of the operation of the system.

c. Installation - Detailed instructions for set-up, configuration and operation of the system.

d. Normal Operating Procedure - Detailed instructions for routine system operation. Examples should be included for operation and report generation.

e. Corrective Maintenance - A list of error messages and corrective procedures to to followed.

f. Complete program listings - The listing should be annotated or accompanied by a program narrative describing program operation.

4. Compensation: Contractor shall be paid an additional amount not to exceed \$12,000 for further work performed in accordance with this section.

Additional items may be requested by DOT and provided by the Contractor subject to the availability of funds.

D. Reporting Requirements

1. Daily Driver Logs

a. The Contractor shall maintain daily driver logs and shall be responsible for accurate entry of all log items including the following:

- Trip type (medical appointments, school, work, nutrition, shopping, and social/recreational);
- Vehicle type (for billing purposes, see Exhibit IV, 1408);
- Hours of vehicle operation, with lunch and break periods clearly indicated;
- Valtrans trips clearly differentiated from other trips, and including Valtrans client number;
- Designation of Valtrans wheelchair trips;
- Odometer readings for each trip at pick-up and drop-off points;
- Scheduled pick-up and drop-off times;
- Actual pick-up and drop-off times; and
- Trip no shows or cancellation.

b. Driver logs shall be made available to the City on demand for monitoring purposes. Driver logs shall be stored by the Contractor and available for inspection for three (3) years following the date of the termination of this Agreement, or until LACTC has finished its final audit of the records for the Agreement, whichever comes first.

2. Service Summaries

The Contractor shall produce a monthly and end-of-contract Service Summary and submit the Summary to the City each month. The information shall include the following items:

- operating costs;
- number of operating hours by vehicle type;
- farebox revenue;
- operating miles;
- one-way passenger trips;
- number of no shows and cancellations;

- number of various trip types (see 1.a. above);
- number of percent of trips late or early by more than ten (10) minutes from appointment vehicle arrival time;
- cost per passenger;
- passengers per hour;
- cost per mile; and
- average miles per passenger.
- maintain records of accidents involving vehicles in the program.

The Monthly Summary shall accompany the monthly billing.

3. The Contractor agrees that should the City determine that the Contractor's recordkeeping techniques are inadequate to allow for effective monitoring and evaluation of the program, DOT shall have the right to demand whatever recordkeeping it deems adequate to correct such deficiencies.

E. Client Registration

In this regard, the Contractor shall provide administrative coordination including marketing, certification of clients, administration of the Discretionary Free Fare Program, sale and distribution of taxi coupon books and explanation of the Valtrans service operation to clients. These services shall be subject to the following provisions:

1. Marketing

a. The Contractor shall cooperate with DOT in all promotional activities including newspaper radio and television announcements and the printing and distribution of Valtrans leaflets and posters. The Contractor shall obtain advance approval from DOT before any written materials about Valtrans is printed.

b. The Contractor shall work with senior citizen groups, civic groups, and the service area community in general to develop an awareness of the Valtrans services available. In this regard the Contractor shall make periodic public presentations, and shall make available DOT approved written materials descriptive of the Valtrans program.

c. The Contractor, in all promotional activities, for the City portion of the program shall indicate that the service is for elderly citizens that are 65 years of age and older and for physically handicapped persons over the age of 16.

d. The Contractor shall identify in the City portion of the program all promotional activities of the Department of Transportation, City of Los Angeles, as the project sponsor and administrator.

e. The Contractor shall promote service to County unincorporated area residents of Calabasas. Marketing may consist of flyers distributed to potential patrons at shopping areas and meeting places or mailed to residences, local newspaper advertisements, verbal presentations, posters in and/or on the vehicles or other means, all of which is subject to review by the City. All promotional material specifically disseminated to the County unincorporated areas shall include the following: "This service is financed through funds provided by the County of Los Angeles."

2. Certification of Clients.

The Contractor shall perform the following functions regarding client certification:

- a. mail client certification forms to potential clients upon request;
- b. assist potential clients in completing certification forms;
- c. evaluate client eligibility, mail certification cards and user instructions. The Contractor shall develop and have printed, following DOT approval, certification cards and user instructions;
- d. Re-evaluate and update client certifications that are more than two years old;

3. Sale and Distribution of Taxi Coupon Books

The Contractor shall design a plan for the printing, marketing, sale and distribution of taxi coupon books by mail. To this end the Contractor shall:

- a. Subcontract with a bonded agency for the printing of taxicab coupon books with a face value of \$20.00.
- b. Sell Taxicab Coupon Books with a \$20.00 face value to eligible residents for \$2.00. The coupons can be used for transportation services up to maximum limit of \$7.00 per trip. Any amount over the \$7.00 limit will be paid by the holder of the coupon book.
- c. Effective with an increase in taxicab rates the limit shall be increased in proportion to the increase in taxicab rates, rounded to the next whole dollar, as determined by DOT.
- d. Taxi coupon sales shall be prorated on a monthly basis to assure transit services for the twelve (12) month period. Approximately one hundred (100) coupon books shall be sold each month and sales shall be adjusted on a monthly basis by DOT.

e. The Contractor shall maintain and submit to DOT a monthly summary of the number of individual clients purchasing books, the number of coupon books sold and the money collected from the sale of coupon books.

f. Taxi coupon books shall be sold on a first-come-first-serve basis to eligible and certified Valtrans clients who live in areas of the San Fernando Valley approved by the DOT as taxi coupon zones. Attempts shall be made to sell taxi coupon books to elderly and handicapped residents who are homebound.

g. The Contractor shall determine with the concurrence of DOT the number of books a person may purchase per month. Adjustments in this allotment may be made during the term of the Agreement. Prudent management should be exercised to prevent a shortage of coupons in the latter months of the contract.

h. The Contractor will be held financially responsible for unaccounted (i.e., missing, lost or stolen) coupon books.

i. The Contractor shall be financially responsible for the collection of revenue from the sale of taxi coupon books and shall make a monthly report of taxi coupon revenue collected to the DOT. Revenue from the sale of taxi coupon books is the property of the City and may be deducted from the Contractor's monthly billing.

4. Administration of the Discretionary Free Fare Program

This program shall be used to provide free one way trips to low income Valtrans clients. The Contractor shall submit to DOT client selection criteria and a listing of persons affected. Client selection criteria shall be established in cooperation with the Valtrans Citizen Advisory Committee and the DOT. The listing of persons eligible for the free fare program shall be submitted to each service provider.

5. Explanation of Service Operation to Clients

The Contractor shall provide information over the phone and through the mails regarding the operation and purposes of the Valtrans program.

6. Internal Operations

a. The Contractor in providing the services described in this Agreement shall provide four telephone lines dedicated to receiving calls requesting program information which shall operate on a rotary system.

b. The Contractor shall maintain office hours Monday through Friday, 8:00 a.m. to 5:00 p.m., except for the following holidays:

Thursday, November 28, 1985, Thanksgiving Day
Wednesday, December 25, 1985, Christmas Day
Wednesday, January 1, 1986, New Years Day
Wednesday, January 15, 1986, Martin Luther King Jr's Birthday
Monday, February 24, 1986, Washington's Birthday Observed
Monday, May 26, 1986, Memorial Day Observed
Friday, July 4, 1986, Independence Day
Monday, September 1, 1986, Labor Day

F. The Contractor shall cooperate with DOT in all promotional activities through publicity in newspapers, radio, television, posters, brochures, and leaflets.

G. Driver Training

1. The Contractor shall be responsible for training of all driving and non-driving personnel in all functions needed to perform the tasks specified in this Agreement, including but not limited to: defensive driving, cardio-pulmonary resuscitation, emergency first aid, passenger handling and care, vehicle use and safety, record-keeping, service orientation, map reading, on-board apprenticeship and sensitivity training.

2. Contractor shall ensure that regular and continuous formal safety instruction for all operating personnel assigned to perform any activities under this Agreement is provided and shall require them to attend regularly scheduled safety meetings at least four times per year.

3. All drivers training shall be coordinated with Medi-Ride, Inc., to provide a consistent training experience to all drivers and to minimize expenses to each Contractor. The Contractor shall be the lead agency in coordinating and designing a joint training program.

4. Contractor shall be responsible for the development and distribution of a Valtrans Driver Training Manual and of a Valtrans Procedures Manual. The contents of both manuals shall be reviewed and approved by DOT.

H. The Contractor shall, engage in coordination/consolidation plans and proposals that are technically feasible and compatible with City objectives, and shall report them to DOT. Subject to the written approval of DOT, the Contractor may undertake contractual agreements with no other jurisdiction or agencies for the purpose of reducing service costs and administrative costs of this Agreement through centralization.

I. The Contractor shall serve as the Secretary of the Citizen Advisory Committee. The role of the Committee shall be to advise and provide guidance on program matters.

J. Personnel and Operations, All personnel assigned to perform service under this Agreement shall be subject to the continuous approval of the City and Contractor. Employment and compensation of such personnel shall be in accordance with all applicable Federal, State and local ordinances and laws. Such personnel shall treat passengers in a courteous manner, be clean and neatly dressed and be trained in the handling of elderly and handicapped individuals. City shall have the right to have authorized County personnel board any of Contractor's service vehicles for the purpose of monitoring service or inspecting vehicles. Contractor shall have the right to refuse any or all passengers if passenger activity will in any way impair safe operation of any vehicle operating under service.

No person shall on the basis of ethnic group identification, religion, age, sex, color, physical or mental disability be unlawfully subjected to discrimination under this service.

K. Equipment Requirements. Contractor shall cause to be supplied sufficient and adequate vehicles, all maintained in good and clean condition including air-conditioned vehicles, including handicapped lift equipped vehicles, and other spare vehicles in the event of regularly assigned vehicle breakdown to insure a consistent fulfillment with the terms of this Agreement. Spare vehicles shall be provided at no additional cost to City. All equipment and facilities shall meet all requirements of applicable Federal, State, and local ordinances and laws.

III

DUTIES OF THE CITY

Section 301. Compensation

A. The total contract budget is \$1,348,432 which is composed of the following funding sources.

	County	City
TDA Article 4.5	\$ 447	\$ 79,725
PALTA Funds	\$15,000	\$1,204,068
Farebox Revenue	\$ 392	48,800 estimated

B. The City shall reimburse a maximum of \$ 1,299,240 from PALTA and TDA Funds to the Contractor for the complete and satisfactory performance of the terms of this Agreement.

C. The Contractor shall submit requisition for payment of expenditures to DOT, on a monthly basis. These expenditures shall represent actual costs. However, total cumulative monthly expenditures shall be limited to the amounts shown in the respective cost categories in Exhibits I through IV. The monthly billing to DOT shall be based on expenditures, less any repayment for advance funds, farebox revenue and interest earned from bank accounts.

D. The City assumes no responsibilities to pay salaries, equipment, or other expenses not specifically enumerated in this Agreement. It is understood by both parties that the City makes no commitment to fund this project beyond the term of this Agreement.

IV

METHOD AND TIME OF PAYMENT

Section 401. Payment to the Contractor

A. The Contractor shall be reimbursed on a monthly basis, for all expenses authorized under the terms and conditions of this Agreement, subject to the availability of funds for this project and subject to all other provisions of this Agreement.

B. The Contractor may receive advance payment for allowable costs if sufficient funds are available and if deemed necessary by DOT. The maximum advance payment shall be the total non-farebox funding listed in Section 301.A, multiplied by two and divided by the number of months applicable to this Agreement plus an amount equal to the new vehicle depreciation. Repayment of the advance payment shall be made in prorated monthly increments or by other methods acceptable to DOT.

C. After DOT has approved one advance payment, subsequent advance payments shall be considered only after additional acceptable documentation of need is received by DOT.

Section 402. Withheld Payments

A. Payments under this Agreement may be suspended or terminated if funds to the City are suspended or terminated, or if the Contractor refuses to accept additional conditions imposed on the City by LACTC.

B. The City has the authority to withhold funds under this Agreement pending a final determination by the City of questioned expenditures or

indebtedness to the City arising from past or present agreements between the City and the Contractor. Upon final determination by the City of disallowed expenditures or indebtedness, the City may deduct and retain the amount of the disallowance or indebtedness from the amount of the withheld funds.

C. Payments to the Contractor may be withheld by the City if the Contractor fails to comply with the provisions of this Agreement.

Section 403. Return of Unexpended Funds

The Contractor agrees that either upon completion or termination of this Agreement any unexpended funds shall be immediately returned to the City within forty-five (45) days after completion or termination. Funds advanced and determined by the City to be in excess of the amount actually required, shall also be immediately returned to the City.

Section 404. Receipt, Use, and Accountability of Other than Budgeted Funds

The Contractor agrees that occasional income funds realized as a result of activities which are funded by this Agreement shall be reported in writing to the City within five (5) working days following the receipt of such funds, except that income funds generated on a regular basis shall be reported as provided elsewhere by this Agreement. The Contractor further agrees that all such income funds shall: (1) be the property of the City; (2) be used solely to offset the operating expenses of the activities funded by this Agreement; (3) not be expended without prior written approval of the City unless otherwise provided for this Agreement; and (4) be subject to all of the provisions of this Agreement.

Section 405. Deposit, Utilization, and Commingling of Funds

A. Funds paid to the Contractor pursuant to this Agreement shall be deposited only in interest bearing accounts in the bank or banks approved by the City and shall be insured fully and continuously. All interest earned on such funds shall accrue to the City.

B. Funds paid to the Contractor pursuant to this Agreement shall be used exclusively for the activities set forth by this Agreement.

C. Funds paid to the Contractor pursuant to this Agreement shall not be commingled with other funds administered by the Contractor.

REPORTS, RECORDS AND AUDITSSection 501. Reporting Requirement

A. At such times and in such forms as the City may require, there shall be furnished to the City such statements, records, reports, data and information as the City may request pertaining to matters covered by this Agreement.

B. On or before the fifth working day of each month, the Contractor shall submit to the City the following using any forms provided:

1. Narrative report on program activities, progress, and problems
2. Ridership Report
3. Requisition Form
4. Accident Reports
5. Documentation of monthly expenditures

Section 502. Maintenance of Records

A. Records, in their original form, shall be maintained in accordance with requirements prescribed by LACTC and the City with respect to all matters covered by this Agreement. Such records shall be retained for a period of five (5) years after termination of this Agreement if all other pending matters are closed. "Pending matters" include but are not limited to an audit, litigation, or other action involving the records. The City may, at its discretion, take possession and retain said records.

B. Records in their original form pertaining to matters covered by this Agreement shall at all times be retained within Los Angeles County unless authorization to remove them is granted in writing by the City.

Section 503. Audits and Inspections

A. At any time during normal business hours and as often as LACTC or the City may deem necessary, the Contractor shall make available to the City for examination, all of its records with respect to all matters covered by this Agreement. LACTC and the City shall have the authority to audit, examine and make excerpts or transcripts from records, including all contracts, invoices, materials, payrolls, records of personnel, conditions of employment and other data relating to all matters covered by this Agreement.

1. The City shall have the authority to examine the books and records used by the Contractor in accounting for expenses incurred under this Agreement. Should these books and records not meet the minimum standards of the accepted accounting practices of the City, the City reserves the right to withhold any or all payments to the Contractor until such time as they meet these standards.

2. The City shall have the authority to examine all forms and documents used, including, but not limited to, purchase requisitions, purchase orders, supply requisitions, invoices, journal vouchers, travel vouchers, payroll checks and other checks used by the Contractor. It further reserves the right to require that personnel forms and documents be serially numbered and kept under accounting control.

3. The City must approve of all of the Contractor's accounting or administrative procedures used in the planning, controlling, monitoring, and reporting of all fiscal matters relating to this Agreement.

4. The City reserves the right to dispatch auditors of its choosing to any site where any phase of the program is being conducted, controlled, or advanced in any way, however tangible or intangible. Such sites may include the home office, any branch office or other locations of the Contractor if such sites or the activities performed thereon have any relationship to the program covered by this Agreement.

5. The City shall have the authority to make physical inspections and to require such physical safeguarding devices as locks, alarms, safes, fire extinguishers, sprinkler system, etc., to safeguard property and/or equipment authorized by this Agreement.

6. Subject to the discretion of the City, certain authorized members of the City shall have the right to be present at any and all of the Contractor's Advisory Committee meetings.

B. When a fiscal or special audit determines that the Contractor has expended funds which are questionable under the criteria set forth herein, the Contractor shall be notified and given the opportunity to justify questioned expenditures prior to the City's final determination of disallowed costs. The City shall determine any amount to be paid to the Contractor during the period of audit.

Section 504. Property Records

Property acquired pursuant to this Agreement and listed within Line Item 1407 in Exhibit IV shall be properly maintained and accounted for as set forth below:

A. A record shall be maintained for each item for the program. The record shall include: (a) description of the item of property, including

model and serial number, if applicable; (b) date of acquisition; (c) the acquisition cost or assigned value to the program; and (d) source of acquisition.

B. The record shall indicate whether the item of property was new or used at the time of acquisition.

C. A physical inventory shall be taken by the Contractor and reconciled with the record card annually or at such other times as the City shall prescribe.

Section 505. Accounting Practices

A. The Contractor shall maintain a system of internal fiscal control in accordance with commonly accepted accounting practices as approved by the City. Internal fiscal control comprises the plan or organization and all of the coordinated methods and measures adopted within an organization to safeguard its assets, check the adequacy and the reliability of its accounting data, promote operating efficiency, assure adherence to prescribed management policies, and properly account for project income.

B. The Contractor's system of accounting procedures shall be approved by the City prior to any disbursement of funds to the Contractor.

Section 506. Documentation of Expenditures

Expenditures shall be supported by properly executed payrolls, time records, invoices, vouchers, or other official documentation evidencing in proper detail the nature and propriety of the charges. Checks, payrolls, invoices, vouchers, orders, or other accounting documents shall be clearly identified and readily accessible.

Section 507. Validity of Financial Documentation Submissions

Financial reports required to be prepared and submitted by the Contractor to the City shall be accurate and correct in all respects. Should inaccurate reports be submitted to the City, the City may require the Contractor to secure the services of a licensed accounting firm. The cost of such accounting services are to be borne by the Contractor and are not to be reimbursed from the funds authorized by this Agreement, unless specifically agreed to between the Contractor and the City in a written amendment.

VI

GENERAL TERMS AND CONDITIONS

Section 601. Indemnification and Insurance Requirements

A. Indemnification

The Contractor undertakes and agrees to defend, indemnify, and hold harmless the City and its representatives from all suits for death or injury to any person, or damage or destruction to any property arising as a result of or incidental to the performance of this Agreement.

B. Insurance

1. The Contractor shall not commence work under this Agreement until it has obtained all insurance required under this Agreement and such insurance has been approved by the City, nor shall the Contractor allow any subcontractor to commence work until all insurance required for the subcontractor has been obtained and approved by the City.

2. No payment shall be made to the Contractor until such time as the Contractor has complied with all insurance and bonding requirements under this Agreement. The City's Additional Insured Endorsement form, or other form approved by the City, stating that the Contractor is so insured, must accompany any demand for payment unless said form has been previously submitted and approved by the City. Certification of insurance shall be procured, filed and approved in strict compliance with City Ordinance 84,480, as amended.

3. Evidence of insurance coverage shall be endorsed to provide for not less than thirty (30) days prior written notice of cancellation to the City by certified mail, return receipt requested addressed as follows: Office of the City Attorney, 1800 City Hall East, Los Angeles, CA 90012 Attn: Insurance and Bonds. Policies of insurance and fidelity bonds, except for policies covering Workers' Compensation and Employees' and Volunteers' Owned and/or Leased Vehicles, shall include the City as an Additional Insured and said endorsements or other evidence of insurance shall so indicate. Fidelity bonds shall include the City as loss payee or additional insured.

4. The Contractor shall maintain at least the following minimum insurance coverage to satisfy the requirements of this Agreement:

a. Comprehensive General Liability, with Contractual Liability and Personal Injury coverage included, protecting the insured and the City against claims arising from bodily injury or death to third parties and property damage. The required minimum for such coverage is \$1 million (\$1,000,000) a Combined Single Limit, subject to higher limits as may be determined by the City. The City may require any or all of the following endorsements to the policy:

(1) Fire Legal Liability, provided the Contractor is occupying a leased premise, unless a waiver of subrogation is obtained from the lessor;

(2) Products/Completed Operations Liability, provided the Contractor is performing services involving the preparation and/or distribution of food or items which could result in injury, sickness, or death to a third party;

(3). Non-Owned Auto Liability, for all autos driven in Contractor's business with minimum limits of \$100,000/\$300,000/\$50,000 or \$350,000 Combined Single Limit;

(4). Manufacturers and Contractors Liability, provided the Contractor has employees engaged in performing landscaping, minor construction, or repair to structures; and

(5) Other endorsements including but not limited to Errors and Omissions, Professional Liability, and Malpractice Liability.

b. Worker's Compensation as required by California State Law. The City shall not be named as a party to the coverage but a thirty (30) day notice of cancellation as described herein shall be included in the policy.

c. Fire, Extended Coverage, Theft, Vandalism and Malicious Mischief insurance protecting against losses to real and personal property purchased or leased with funds provided by this Agreement. The City shall be named as Loss Payee as its interest may appear. Insurance coverage shall provide for replacement value of the property. Losses incurred under this provision shall be reported in writing to the City within forty-eight (48) hours of such loss addressed to: Franchise and Transit Services Division, Department of Transportation, Room 1600, City Hall, 200 N. Spring Street, Los Angeles, CA 90012.

d. Fidelity Bond for any losses of money, securities, and other property caused by any fraudulent or dishonest act committed by any employee, board member, officer, partner, shareholder and/or trainee of the Contractor, subject to the following requirements:

(1) The bond shall be a Commercial Blanket Bond, with an approved corporate surety covering all employees, board members, officers, partners, shareholders and/or trainees;

(2) The amount of the bond shall be at least equal to the total budget amount as shown in Section 301, or other amount as approved by DOT;

(3) The bond shall be limited to this Agreement and shall name the City as loss payee, obligee or additional insured for the purpose of reimbursement of any loss sustained by the action of the Contractor in the performance of this Agreement; and

(4) The bond shall cover losses incurred during the period of performance of this Agreement with a discovery period covering no less than one (1) year subsequent to cancellation or termination of the bond.

e. Vehicle Insurance: The following coverage is required for vehicles owned or leased by the Contractor:

(1) Liability:

(a) Minimum limits: \$1,000,000 Bodily Injury and Property Damage, a Combined Single Limit.

(b) The City may require higher limits of coverage for special situations.

(2). Collision: Coverage for actual cash value of the vehicle. (\$1,000 Deductible is allowed).

(3). Other:

(a) Theft, Fire, and Combined Additional Coverage. (\$100 Deductible is allowed.)

(b) Uninsured Motorist Coverage with limits of \$1,000,000 per occurrence minimum.

(4) Contractor's Employee's or Agent's Private Vehicles:

(a) Employees or agents of the Contractor who are reimbursed for using private vehicles for Contractor related activities shall maintain the same minimum vehicle coverage as set forth herein for the Contractor;

(b) Employees or agents of the Contractor who do not receive reimbursement for using private vehicles for Contractor related activities shall maintain the minimum coverage required by State law; and

(c) The Contractor shall be responsible for assuring that employees or agents maintain minimum coverage required herein, which shall be maintained at the employee's or agent's own expense.

(5) The Contractor shall maintain all insurance as required by the City pursuant to Section 601 herein, in order to protect the City in connection with this project.

Section 602. Prohibition Against Assignment

A. The Contractor shall not assign this Agreement, nor assign or transfer any interest or obligation in this Agreement, whether by assignment or novation, without prior written consent of the City.

B. The Contractor shall not enter into any agreement with any other party under which such other party shall become the recipient of claims due or to become due to the Contractor from the City without prior written consent of the City.

Section 603. Limitation of Expenditures

A. The Contractor shall not expend funds provided under this Agreement prior to its commencement, as provided in Section 103, of this Agreement nor subsequent to suspension or termination as provided in Sections 703 and 704 of this Agreement.

B. Expenditures shall be made in conformance with Exhibit IV-Program Budget, and shall meet criteria established for "allowable costs" under Section 616 of this Agreement.

C. Expenditures shall be in direct support of the project which is the subject of this Agreement. The Contractor shall notify the City in writing of any expenditures for items jointly used for any other project(s) and the expenditures shall be apportioned according to the percentage of direct use for this project.

Section 604. Employment of Executive Personnel

Prior to the employment of personnel listed in Cost Category 1401 in Exhibit II of this Agreement, the Contractor shall first submit the following documents to DOT for approval in writing: (Salaries for these positions shall not be paid prior to such approval).

A. A detailed resume which fully describes candidate's work experience, salary history, and educational background.

B. A letter transmitting the foregoing document(s) shall include the following:

1. The position the candidate would fulfill under this Agreement;
2. The reasons the candidate was selected;
3. The starting salary to be paid to the candidate, and;
4. Verification by the Contractor of the previous work experience, salary, and education.

Section 605. Removal of Project Director

A. In the event the Project Director is terminated, the Contractor shall notify the City in writing of the reason for taking such action within three (3) days.

B. The selection of a successor shall be made in compliance with Section 604 of this Agreement.

Section 606. Property

A. All property, real and personal, purchased under this Agreement with funds provided in Section 301 of this Agreement shall become the property of the City and shall be returned to the City upon termination of this Agreement, except as provided otherwise.

B. All property funded under this Agreement shall be used and maintained by the Contractor as follows:

1. Property shall be used in proportion to the direct use budgeted for the performance of this Agreement.

2. No modifications shall be made to the property without the prior written approval of DOT.

3. The Contractor shall be liable for any and all losses, damage, or destruction of property acquired under this Agreement during the period said property is under the control of the Contractor, except losses, damage, or destruction resulting from reasonable wear and tear. Losses, damage, or destruction of the property shall be immediately reported to the DOT.

Section 607. Site Selection and Lease

A. Site Selection: A written description giving full details of any site(s) selected by the Contractor for use pursuant to this Agreement shall be submitted to DOT for approval in writing prior to renting, leasing, or acquiring said site.

B. Lease or Rental Agreement

1. A copy of the proposed lease or rental agreement shall be submitted to DOT for prior approval in writing.

2. After execution of the lease or rental agreement, the Contractor shall submit a copy to DOT prior to payment.

3. Written amendments to executed lease or rental agreements shall comply with the conditions set forth herein.

Section 608. Purchase or Lease of Equipment

A. Prior to the purchase or lease of equipment designated in Exhibit IV, the Contractor shall comply with Section 609 of this Agreement.

B. A copy of each executed equipment lease agreement shall be submitted to DOT prior to payment.

C. Written amendments to executed equipment lease agreements shall comply with the conditions set forth herein.

D. The term, "equipment" as used in this Agreement shall be defined to mean personal property.

E. The Contractor shall notify DOT in writing prior to using equipment or portion thereof for this Agreement which was or is to be purchased or leased with funds not provided by this Agreement. Purchase or lease payments for such equipment shall not be made from funds under the terms of this Agreement.

Section 609. Subcontracts

A. For purposes of this Agreement, subcontracts shall include, but not be limited to, purchase agreements, lease or rental agreements (excluding real property agreements), third party agreements, consultant services subcontracts, and construction subcontracts. For purposes of this Agreement, subcontracts and lease agreements shall exclude those services listed in Section 203.

B. Subcontracts entered into in the performance of this Agreement shall:

1. Contain the terms and conditions set forth in Section 610 through 634 of this Agreement; and

2. Specifically prohibit assignment or transfer of interest without prior written approval by the City.

C. Subcontracts and amendments thereto shall be approved by DOT in writing prior to execution.

D. A copy of each executed subcontract, or amendment(s) thereto, shall be submitted to DOT prior to payment.

Section 610. Competitive Bid Requirements

A. All subcontracts entered into by the Contractor exceeding the amount of Five Hundred Dollars (\$500) shall be let only by competitive bids in

compliance with City bidding procedures (Section 385 through 388 of the Los Angeles City Charter), except where using a sole supplier of services or materials.

B. Prior to entering into any subcontract which has a value of Five Hundred Dollars (\$500), or more, the Contractor shall submit to DOT evidence that it has received a minimum of three (3) bids for such subcontracts and justification for selection of the successful bidder or documentation to support the fact of the sole supplier. Records shall be maintained by the Contractor showing the parties solicited and the bids submitted.

Section 611. Consultant Services

A. Prior to the execution of a subcontract for consultant services, the Contractor shall submit to DOT for approval in writing, a bid package and proposed subcontract which contains the following items;

1. The Request for Proposal (RFP);
2. The list of firms to which the RFP's were sent;
3. A minimum of three bids;

4. Specific reasons for the selection of the prospective consultant. A resume of the consultant which fully describes his previous experiences, particularly as it relates to the services he would be performing under this subcontract, shall be attached; and

5. The proposed subcontract which includes the following:

- a. Full description of the work activities that will be performed by the consultant.
- b. The length of time the consultant will be retained.
- c. The fee to be paid to the consultant indicating whether an hourly, weekly, or job completion date is to be the basis for payment.

B. The items 1, 2, and 3 of the above procedure do not apply to technical or professional services of engineers or architects, unless otherwise required by the City.

Section 612. Records and Audits of Subcontracts

A. Records shall be maintained in accordance with requirements prescribed by the City with respect to all matters covered by any subcontract. Such records shall be retained within Los Angeles County for a period of five

(5) years after receipt of final payment under this Agreement, unless authorization to remove them is granted in writing by the City.

B. Expenditures pertaining to subcontracts shall be supported by properly executed documents evidencing in detail the nature of the expenses.

C. At such time and in such forms as the City may require, there shall be furnished to the City such statements, records, reports, data and information as the City may request pertaining to matters covered by any subcontract.

D. These records shall be made available to the City for copying, audit, and inspection at any time during normal business hours.

Section 613. Cost-Plus Percentage of Cost Subcontracting

Under no circumstances shall the Contractor enter into Cost-Plus-a-Percentage-of-Cost subcontracts.

Section 614. Restriction on Disbursements

No money received pursuant to this Agreement by the Contractor shall be disbursed to any subcontractor unless it is pursuant to a written agreement, which incorporates the applicable General Contract Conditions set forth in Sections 503 and 609 herein and unless the subcontractor is in compliance with City requirements with regard to accounting and fiscal matters, as applicable.

Section 615. Funding Reduction

A. During the performance of this Agreement, the City shall have the authority to review the Contractor's actual program expenditures and work performance. Should the City determine that the Contractor is in non-compliance with any contractual obligations, the City shall, at its discretion, take appropriate action as provided by Section 701 of this Agreement.

B. In the event that TDA Article 4.5 or PALTA Funds are reduced, suspended or terminated by LACTC, the City reserves the right to reduce, suspend or terminate the funds provided by this Agreement accordingly.

Section 616. Allowable and Unallowable Costs

A. To be eligible for payment under this Agreement costs must be made in compliance with the principles set forth below:

1. Be necessary and reasonable for the proper and efficient performance of this Agreement and in accordance with the approved budget attached herein. (The City shall have final authority to determine in good faith whether an expenditure is "necessary and reasonable.");

2. Conform to the limitations within these general conditions and to any governing statutes, regulations and ordinances;

3. Be fully documented and determined to be in accordance with approved accounting procedures;

4. Not be included as a cost or used to meet cost sharing or matching requirements of any other funding source in either the current or prior period; and

5. Be net of all applicable credits, such as purchase discounts, rebates, sales, refunds, or other income.

B. The following costs, among others, are specifically unallowable:

1. Bad Debts: Any losses arising from uncollected accounts and claims, and their related costs;

2. Contingencies: Contributions to a contingency reserve or any similar provision for unforeseen events;

3. Contributions and donations;

4. Entertainment: Costs of amusements, social activities and incidental costs, such as meals, beverages, lodging and gratuities relating to entertainment, or any political or lobbying activity;

5. Fines and Penalties: Costs resulting from violations of, or failure to comply with Federal, State, and local laws and regulations;

6. Interest and Other Financial Costs: Interest on borrowing (however represented), bond discounts, cost of financing and refinancing operations, and legal and professional fees paid in connection therewith;

7. Membership Expenses: Costs of membership in any organization which devotes a substantial part of its activities to influencing legislation;

8. Travel: The difference in cost between first-class air accommodations and the lowest regular air accommodations;

9. Meeting Attendance: Costs of attending meetings directly related to the performance of this Agreement which are not open for attendance on a nonsegregated basis; and

10. Noncompetitive Subcontracts: Payments under a subcontract not obtained under competitive bidding procedure unless specifically waived by the City.

C. Advancements or reimbursements for expenditures which are determined by the City to be unallowable must be immediately returned to the City.

Section 617. Overtime Work

Unless specifically stated within this Agreement or authorized by the City in writing, overtime work expenditures shall not be incurred by the Contractor under this Agreement.

Section 618. Travel

Any travel to be incurred by the Contractor and/or its employees under this Agreement that requires the use of private or public transportation outside the limits of Los Angeles County shall first be presented to the City for approval in writing, unless the travel has been specifically described as to dates, purpose of travel, number of staff and amount of funds required in Exhibit IV-Program Budget.

Section 619. Contract Amendments

Either party may request a contract amendment. Contract amendments must be in writing and properly executed by both the City and the Contractor in accordance with Ordinance Numbers 151,832 and 152,954.

Section 620. Restriction on Disclosures

Any reports, analysis, studies, drawings, information, or data generated as a result of this Agreement are to be considered as confidential. Such information shall not be made available to any individual, agency, or organization except as provided for in this Agreement or as provided by law.

Section 621. Compliance with Statutes and Regulations

The Contractor warrants and certifies that in the performance of this Agreement, it shall comply with all applicable statutes, rules, regulations and orders of the United States, the State of California, the County of Los Angeles, and the City of Los Angeles, including laws and regulations pertaining to labor, wages, hours, and other conditions of employment, and the City's anti-discrimination provisions and Affirmative Action Plan. Contractor further warrants and certifies that it shall comply with new, amended, or

revised laws, regulations, and/or procedures that apply to the performance of this Agreement.

Section 622. Permits and Licenses

The Contractor shall obtain all permits and licenses necessary to the performance of this Agreement. The Contractor shall pay all normal fees for permits, licenses, inspections or any other certification or service required in the performance of this Agreement as can reasonably be expected for the Contractor to provide. The City is not permitted to waive any fees for services, except as otherwise required by law. All vehicles associated with this contract must have a DOT issued Public Transportation Vehicle Permit or Nonambulatory Vehicle Permit. All drivers associated with this contract must have a DOT issued Driver's Permit.

Section 623 Conflict of Interest

A. The Contractor covenants that none of its directors, officers, employees, or agents shall participate in selecting, or administering any subcontract supported (in whole or in part) by PALTA funds where such person is a director, officer, employee, or agent of the subcontractor; or where such person knows or should have known that:

1. A member of such person's immediate family, or partner, or organization has a financial interest in the subcontract;
2. The subcontractor is someone with whom such person has or is negotiating any prospective employment; or
3. The participation of such persons would be prohibited by the California Political Reform Act, California Government Code Section 87100 et seq., if such person were a public officer, because of a "financial or other interest" in the subcontract.

B. Definitions

1. The term "immediate family" includes, but is not limited to, those persons related by blood or marriage, such as husband, wife, father, mother, brother, sister, son, daughter, father-in-law, mother-in-law, brother-in-law, sister-in-law, son-in-law, and daughter-in-law.
2. The terms "financial or other interest" includes, but is not limited to:
 - a. Any direct or indirect financial interest in the specific contract, including a commission or fee, a share of the proceeds, prospect of a

promotion or of future employment, a profit, or any other form of financial reward.

b. Any of the following interests in the subcontractor ownership: partnership interest or other beneficial interest of five percent or more; ownership of five percent or more of the stock; employment in a managerial capacity; or membership on the board of directors or governing body.

C. The Contractor further covenants that no officer, director, employee, or agent shall solicit or accept gratuities, favors, or anything of monetary value from an actual or potential subcontractor, supplier, party to a subagreement, or person who is otherwise in a position to benefit from the actions of any officer, employee, or agent.

D. The Contractor shall not subcontract with a former director, officer, or employee within a one-year period following the termination of the relationship between said person and the Contractor.

E. Prior to obtaining the City's approval of any subcontract, the Contractor shall disclose to the City any relationship, financial or otherwise, direct or indirect, of the Contractor or any of its officers, directors or employees or their immediate family with the proposed subcontractor and its officers, directors or employees.

F. For further clarification of the meaning of any of the terms used herein, the parties agree that references shall be made to the guidelines, rules, and laws of the City of Los Angeles, State of California, and Federal regulations regarding conflict of interest.

G. Contractor warrants that it has not paid or given and will not pay or give to any third person any money or other consideration for obtaining this Agreement.

H. The Contractor covenants that no member, officer or employee of Contractor shall have any interest, direct or indirect, in any contract or subcontract or the proceeds thereof for work to be performed in connection with this project during his/her tenure as such employee, member or officer or for one year thereafter.

I. The Contractor shall incorporate the foregoing subsections of this section into every agreement that it enters into the connection with this project and shall substitute the term "subcontractor" for the term "Contractor" and "sub-subcontractor" for "Subcontractor".

Section 624. Copyrights

Should the performance of this Agreement result in a book or other copyrightable material, the author is free to copyright the work, but the City

reserves a royalty-free, non-exclusive and irrevocable license to reproduce, publish, or otherwise use and to the authorize others to use all copyrighted material and all material which can be copyrighted.

Section 625. Patents

Any discovery or invention arising out of or developed in the course of work aided by this Agreement shall be promptly and fully reported to the City for determination by the City as to whether the patent protection on such invention or discovery should be sought and how the rights in the invention or discovery, including rights under any patent issued thereon, shall be disposed of and administered, in order to protect the public interest.

Section 626. Political Activity Prohibited

None of the funds, materials, property or services provided directly or indirectly under this Agreement shall be used for any partisan political activity, or to further the election or defeat of any candidate for public office.

Section 627. Lobbying Prohibited

None of the funds provided under this Agreement shall be used for any purpose designed to support or defeat any pending legislation or administrative regulation.

Section 628. Press Releases

In all communications with the press, television, radio or any other means of communicating with the general community, the Contractor shall make specific reference to the City of Los Angeles Department of Transportation as the sponsoring agency of the project.

Section 629. Discrimination Prohibited

No person shall on the grounds of race, religion, ancestry, color, national origin, sex, sexual preference, age, or physical handicap, be excluded from participation in, be denied the benefit of, or be subjected to discrimination under this program/project. For purposes of this Section, Title 45 Code of Federal Regulations Parts 80, 84, and 90 define specific discriminatory actions which are prohibited and corrective action which shall be taken in situations as defined therein.

Section 630. Nondiscrimination, Equal Employment Practices, and
Affirmative Action Program

The Contractor shall comply with the nondiscrimination and affirmative action provisions of the laws of the United States of America, the State of California, the County of Los Angeles, and the City of Los Angeles. In performing this Agreement, the Contractor shall not discriminate in its employment practices against any employee, or applicant for employment because of such person's race, religion, ancestry, color, national origin, sex, sexual preference, age, or physical handicap. The Contractor shall comply with the provisions of Los Angeles Administrative Code Section 10.8 through 10.13, to the extent applicable hereto. If this Agreement contains a consideration in excess of \$500 but not more than \$5,000, the Equal Employment Practices provisions of Agreement shall be the mandatory contract provisions set forth in Los Angeles Administrative Code Section 10.8.3, in which event said provisions are incorporated herein by this reference. If this Agreement contains a consideration in excess of \$5,000 the Affirmative Action Program of this Agreement shall be the mandatory contract provisions set forth in Los Angeles Administrative Code Section 10.8.4 in which event said provisions are incorporated herein by this reference. The Contractor shall also comply with all rules, regulations, and policies of the Office of Contract Compliance relating to nondiscrimination and affirmative action, including the filing of all forms required by said office. Any subcontract entered into by the contractor relating to this Agreement, to the extent allowed hereunder, shall be subject to the provisions of this paragraph.

It is the policy of the City of Los Angeles to utilize Minority and Women-Owned Business Enterprises (MBEs) (WBEs) in all aspects of contracting relating to procurement, construction, and personal services. MBEs and WBEs are defined as any business, bank, or financial institution which is owned and operated by a minority group member or woman, or such business, bank, or financial institution of whom 50 percent or more of its partners or stockholders are minority group members or women. If the business is publicly owned, the minority members or stockholders must have at least 51 percent interest in the business and possess control over management capital earnings. The Contractor shall make a good faith effort to fulfill this policy and shall submit a plan for fulfilling this policy to the City for review and approval.

Section 631. Captions

The section headings appearing herein shall not be deemed to govern, limit, modify or in any way affect the scope, meaning or intent of these conditions.

Section 632. Waivers

A. Waivers of the provisions of this Agreement must be in writing and signed by the appropriate authorities of the City or the Contractor.

B. No waiver by the City of a breach of any provision of these conditions shall be deemed for any purpose to be a waiver of a breach of any other provision hereof, or of a continuing or subsequent breach of the same provision.

Section 633. Effect of Legal Judgment - Severability

Should any covenant, condition or provision herein contained be held to be invalid by final judgment in any court of competent jurisdiction, the invalidity of such covenant, condition or provision shall not in any way affect any other covenant, condition or provision herein contained.

Section 634. Choice of Law Governing this Agreement

This Agreement shall be governed by and construed in accordance with the laws of the City of Los Angeles, County of Los Angeles, and the State of California.

VII

DEFAULTS, PROBATION, SUSPENSION AND TERMINATION

Section 701. Defaults

Should the Contractor fail for any reason to comply with the contractual obligations of this Agreement within the time specified by this Agreement, the City reserves the right to:

- A. Reduce the total budget;
- B. Make any changes in the general scope of this Agreement;
- C. Place the Contractor on probation status in accordance with Section 702 of this Agreement;
- D. Suspend project operations in accordance with Section 703 of this Agreement; or
- E. Terminate the Agreement.

Section 702. Probation

A. The City may place the Contractor on probation for failure to comply with the terms and conditions of this Agreement by giving written notice which shall be effective upon receipt.

B. Said notice shall set forth the period of probation, the reasons for probation, and the specific conditions of noncompliance.

C. Within five (5) working days the Contractor shall reply in writing setting forth the corrective action which will be undertaken, subject to City approval in writing.

Section 703. Suspension

A. The City may suspend all or part of the project operations for failure of the Contractor to comply with the terms and conditions of this Agreement by giving written notice, which shall be effective upon receipt.

B. Said notice shall set forth the specific conditions of noncompliance and the period provided for corrective action.

C. Within five (5) working days the Contractor shall reply in writing setting forth the corrective actions which will be undertaken, subject to City approval in writing.

D. Performance under this Agreement shall be automatically suspended without any notice from the City as of the date the Contractor is not fully insured in compliance with Section 601 (Insurance) herein. Performance may not resume without the prior written approval of the City.

Section 704. Termination

A. The parties agree that at any time during the term of this Agreement the City may terminate this Agreement or any part hereof upon giving the Contractor at least thirty (30) days written notice prior to the effective date of such termination, which date shall be specified in such notice.

B. All property, documents, data, studies, reports and records purchased or prepared by the Contractor under this Agreement shall be disposed of according to City directives.

C. In the event the Contractor goes out of existence, copies of all records relating to the project or activity that are the subject of this Agreement shall be furnished to the City.

D. Upon satisfactory completion of all termination activities, the City shall determine the total amount of compensation that shall be paid to the Contractor for any unreimbursed expenses reasonable and necessarily incurred in the satisfactory performance of this Agreement.

E. The City may withhold any payments due to the Contractor for the purpose of set-off until such time as the exact amount of damages due to the City of Los Angeles from the Contractor is determined.

F. Subsections B, C, D, and E shall also apply to Agreements terminating upon the date specified in Section 103 or upon completion of performance of this Agreement.

VIII

ENTIRE AGREEMENT

Section 801. Complete Agreement

This Agreement contains the full and complete Agreement between the two parties. No verbal agreement or conversation with any officer or employee of either party shall affect or modify any of the terms and conditions of this Agreement.

Section 802. Number of Pages and Attachments

This Agreement is executed in four duplicate originals, each of which is deemed to be an original. This Agreement includes 38 pages, Exhibits I, II, and III, IV, V and VI which together constitute the entire understanding and agreement of the parties.

IN WITNESS WHEREOF, the City of Los Angeles and the Contractor have caused this Agreement to be executed by their duly authorized representatives.

APPROVED AS TO FORM AND LEGALITY:

JAMES K. HAHN, City Attorney

BY: _____
Deputy City Attorney

Executed for: The City of Los Angeles

By: _____
DONALD R. HOWERY
General Manager
Department of Transportation

ATTEST:

ELIAS MARTINEZ, City Clerk

BY: _____
Deputy City Clerk

DATE: _____

DATE: _____

Executed for: TRANSIT CONTRACTORS, INC.

By: _____
John Barbati
Senior Vice President

DATE: _____

By: _____

DATE: _____

City Council File Number 85-1547

Said Agreement is Number _____ of Contracts.

Date of City Council Approval of original Contract _____.

mv

City of Los Angeles - Department of Transportation

Contract No. _____

Amendment No. _____

Program Title _____

Transit Contractors

Contractor

Account No.	Account Name	Total Funds	PALTA Funds		TDA 4.5		Farebox Revenue	
			City	County	City	County	City	County
1401	Personnel	187,553	169,144	-	18,409	-	-	-
1402	Employee Benefits	51,737	47,096	-	4,641	-	-	-
1403	Consultants & Contracts	-	-	-	-	-	-	-
1404	Travel	1,500	1,000	-	500	-	-	-
1405	Space	39,000	33,750	1,000	4,250			
1406	Consumable Supplies	3,800	2,253	-	1,100	447	-	-
1407	Equipment Rent/Purchase	24,780	20,780	1,000	3,000			
1408								
A.	Vehicle Reimbursement	980,932	890,615	12,000	31,525	-	46,400	392
B.	Advertising/Marketing	9,000	3,600	-	3,000	-	2,400	-
C.	Printing	3,000	1,250	-	1,750	-	-	-
D.	Postage	1,800	1,150	-	650	-	-	-
E.	Office Maintenance	4,800	3,900	-	900	-	-	-
F.	Uniforms and Decals	5,900	5,650	-	250	-	-	-
G.	Safety Program	5,130	1,630	1,000	2,500			
H.	Computer Scheduling	12,000	12,000	-	-	-	-	-
I.	Contractor's Fee	17,500	10,250	-	7,250	-	-	-
	Total	1,348,432	1,204,068	15,000	79,725	447	48,800	392

EXHIBIT II -- PROGRAM BUDGET

PERSONNEL (Account No. 1401)

City of Los Angeles -- Department of Transportation

Contract No. _____

Amendment No. _____

San Fernando Valley Community Transit Program (Valtrans)

Program Title

TRANSIT CONTRACTORS

Contractor

No.	Position/Title	Step	Monthly Salary	Percent Time on Project	Months to be Worked	PALTA Funds	Line Total Cost
1	General Manager		\$3,813	30%	12	\$13,727	\$ 13,727
1	Operations Manager		2,292	100%	12	27,504	27,504
4	Dispatcher/Scheduler	avg.	1,211	2 @ 100%	12	58,120	58,120
				2 @ 90%			
6	Ordertaker/Clerk	avg.	933	5 @ 100%	12	67,163	67,163
				1 @ 90%			
1	Community Relations Coordinator		1,500	100%	12	18,000	18,000
Total Personnel Costs Account No. 1401							\$184,514

EXHIBIT III — PROGRAM BUDGET

EMPLOYEE BENEFITS (Account No. 1402)

City of Los Angeles — Department of Transportation

Contract No. _____

Amendment No. _____

San Fernando Valley Community Transit Program (Valtrans)

Program Title

TRANSIT CONTRACTORS

Contractor

Description of Benefits and Cost Basis	City PALTA Funds				Line Total Cost
1402 - <u>Employee Benefits</u>					
FICA 7.05%					
Worker's Comp. Ins. .56%					
Unemployment Ins.					
State 3.50%					
Federal .80%					
11.91%					
$\$187,549 \times 11.91\% = \$ 22,337$	\$22,337				\$22,337
<u>Health Insurance</u>					
$\$188.46/\text{mo. (avg)} \times 12 \text{ months}$					
x 13 employees	29,400				29,400
Total Employee Benefits Account No. 1402	\$51,737				\$51,737

EXHIBIT IV — PROGRAM BUDGET

OTHER ACCOUNTS

City of Los Angeles — Department of Transportation

Contract No. _____

Amendment No. _____

San Fernando Valley Community Transit ProgramProgram TitleTransit ContractorsContractor

Account No.	Description of Cost Account or Subaccount and Cost Basis	City & Co. PALTA Funds	City & Co. TDA 4.5	City & Co. Farebox Revenue	Total Funds
1404	<u>Travel</u>				
	500 mi./mo. x \$.25/mi. x 12 mos.	\$ 1,000	\$ 500	-	\$ 1,500
1405	<u>Office Space</u>				
	8309 Tujunga Office \$2,500/mo.	33,750	4,250	-	39,000
	Trailer 400/mo.	1,000*			
	Utilities 350/mo.				
1406	<u>Consumable Supplies</u>				
	\$317 /mo.	2,253	1,100 447*	-	3,800
1407	<u>Equipment Rent/Purchase</u>	20,780	3,000	-	24,780
	Office Furniture and Equipment \$ 400/mo.	1,000*			
	Security System 65/mo.				
	Copier 150/mo.				
	Telephone 1,450/mo.				

EXHIBIT IV - PROGRAM BUDGET

OTHER ACCOUNTS

City of Los Angeles - Department of Transportation

Contract No. _____

Amendment No. _____

San Fernando Valley Community Transit

Program Title

Transit Contractors

Contractor

Account No.	Description of Cost Account or Subaccount and Cost Basis	City & Co PALTA	City & Co TDA	City & Co Farebox	Total Funds
1408	Other				
	A. <u>Dedicated Vehicle Reimbursement</u>				
	1. New Vehicle Depreciation The Contractor agrees to dedicate these vehicles to the program for five years from the time each vehicle is initially placed in service. In the event the City does not renew this contract in subsequent years, the Contractor shall transfer the ownership of the vehicles to the City. The Contractor shall provide the vehicle identification numbers to the City when they are available.	108,000			108,000
	2. <u>Vehicle Hourly Rates</u>				
	(a) maximum vehicle hours: 38,400	711,793	31,525	46,400	802,110
	(b) Seven Passenger Vans: 3 vehicles (plus 2 backups) @ \$21.87 per vehicle hour	12,000*		392*	
	(c) 1983/84 National Escort I Lift vans: 7 vehicles (plus 1 backup) @ \$22.80 per vehicle hour				
	(d) 1986 National Escort I Lift vans: 9 vehicles @ \$19.01 per vehicle				
	(e) for stand-by vehicles \$6.23 per vehicle hour (represents fixed costs only)				

EXHIBIT IV — PROGRAM BUDGET

OTHER ACCOUNTS

City of Los Angeles — Department of Transportation

Contract No. _____

Amendment No. _____

San Fernando Valley Community TransitProgram TitleTransit ContractorsContractor

Account No.	Description of Cost Account or Subaccount and Cost Basis	City & Co PALTA Funds	City & Co TDA	City & Co Farebox	Total Funds
1408	(Con't)				
	(e) Substitute vehicles: to be in service only until the vehicles in (d) above are placed into service - \$21.09 per vehicle hour				
	3. Dedicated Vehicle Auto Liability Insurance for vehicles listed in 2 above	70,822			70,822
					37,400

EXHIBIT IV - PROGRAM BUDGET

OTHER ACCOUNTS

City of Los Angeles - Department of Transportation

Contract No. _____

Amendment No. _____

San Fernando Valley Community Transit

Program Title

Transit Contractors

Contractor

Account No.	Description of Cost Account or Subaccount and Cost Basis	City & Co PALTA Funds	City & Co TDA 4.5	City & Co Farebox Revenue	Total Funds
1408	<u>Other</u> (Con't)				
	B. Advertising/Marketing	3,600	3,000	2,400	9,000
	C. Taxi Coupon/Trip Ticket Printing	1,250	1,750	-	3,000
	D. Postage and Handling \$ 150/mo.	1,150	650	-	1,800
	E. Services (Janitorial, waste removal, office equipment maintenance) \$ 400/mo.	3,900	900	-	4,800
	F. Uniforms and Decals	5,650	250	-	5,900
	G. Safety Program	1,630 1,000*	2,500	-	5,130
	H. Computer System Develop.	12,000	-	-	12,000
	I. Contractor's Fee (5% 1401 - 1407 and 1408E - H)	10,250	7,250	-	17,500

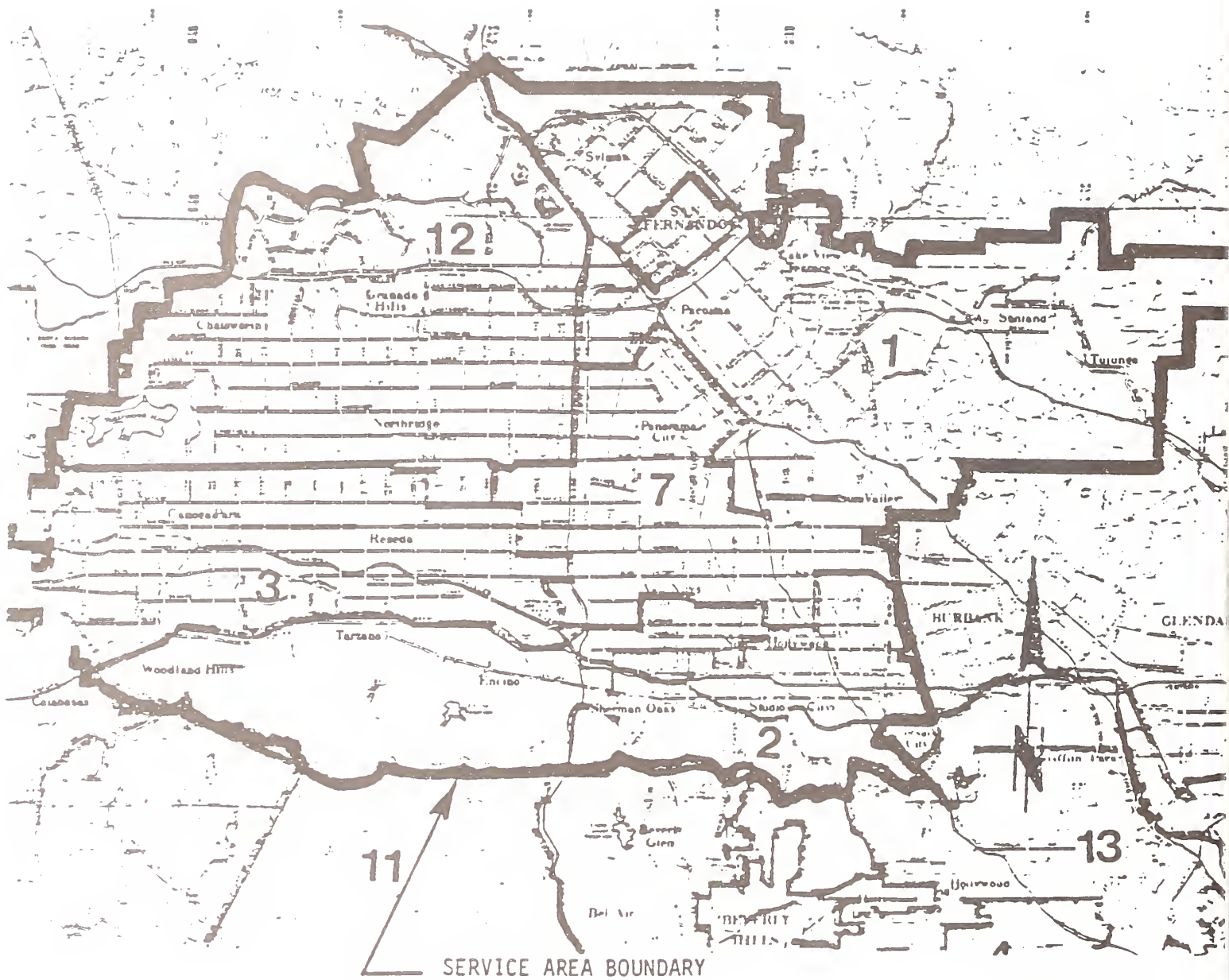


EXHIBIT V

SAN FERNANDO VALLEY COMMUNITY TRANSIT PROGRAM

EXHIBIT VI
SERVICE AREA IN COUNTY UNINCORPORATED AREA OF CALABASAS



Sample RFP's

REQUEST FOR PROPOSALS

FOR THE

SAN FERNANDO VALLEY

COMMUNITY TRANSIT PROGRAM

City of Los Angeles
Department of Transportation
May, 1985

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I. Announcement

The City of Los Angeles has established community transit services in various areas of the City. Through the provision of dial-a-ride and taxicab coupon transportation services, it is the City's intent to increase mobility for elderly and physically handicapped residents of the City who are unable to use conventional fixed route bus service.

Funding for Fiscal Year 1985-86 will be budgeted by the City to provide transportation coupon and dial-a-ride transportation for the elderly and physically handicapped in the San Fernando Valley service area. These funds are derived from the City's Proposition A Local Transit Assistance (PALTA) Fund. It is expected that approximately \$2.1 million in PALTA Funds will be allocated to the service area. In the event that less funds are actually approved for the program, the contract budget will be adjusted accordingly. A map of the service area is shown in Appendix A.

The term of the Agreement(s) covered by this Request for Proposals (RFP) will become effective on October 1, 1985 and shall continue until September 30, 1986. However, the Agreement(s) will have an option clause allowing the City to extend the Agreement(s) for additional periods such that the total period does not exceed three years, and to renegotiate the compensation terms with each extension.

Bidders shall submit responses that fully describe the procedures, personnel, costs, and overall strategies necessary to perform the various functions listed below. Bidders may submit a proposal that includes one or more of the functions, however, only one proposal for each bidder will be accepted. Proposals that include bids on more than one function shall be separated such that the cost and design of each function will stand alone and is not dependent upon performing any other function. The Bidder(s) should specify in their proposal(s) what if any cost savings will be incurred if they are the successful bidder in two or more functions. This cost savings can be expressed as a percentage or as a dollar value, and should be thoroughly justified. The City reserves the right to award a contract to different bidders to perform each of the functions.

II. Service Description

The City of Los Angeles Department of Transportation will contract with the successful bidder(s), as the Contractor(s). The Contractor(s) shall coordinate, manage, operate and control all necessary program activities in the following areas:

Function 1: Client Registration and Central Reservation Service

A. Objectives

The objectives of this function are to efficiently certify and register clients, accurately disseminate information about the program services to clients and potential clients, and to accept reservations for and assign trips to a fleet of over forty (40) vehicles from a centrally located radio dispatch facility in such a manner as to maximize client satisfaction and vehicle productivity. Toward these ends the City requires that the successful bidder operate and maintain the City's IBM/AT microcomputer which is programmed to record the client certification file and to provide on-line computer assistance for trip scheduling. Since the client certification file is integrated with the computer-assisted trip scheduling program it is expected that client registration and the Central Reservation Service will be housed in the same facility, thereby requiring only one point of data entry for basic client information. The City will contract with one contractor to provide this function.

B. Duties

Specifically, the Client Registration and Central Reservation Service must:

1. Certify eligibility of clients for service using criteria established by the City. Currently, 65 years of age or older, or having a permanent physical handicap and being between the ages of 16 and 64, are the criteria for eligibility. The existing client file will be transferred intact to the successful bidder.
2. Market the program through in-person, radio, newspaper or leaflet advertising, subject to review and approval of the City.
3. Sell and distribute taxi coupon books as applicable. Distribution and sales may be by mail or through senior citizen or nutrition centers. Printing and control of the books shall be the responsibility of the successful bidder.
4. Serve as liaison between the clients on the one hand and the City and service providers on the other. The successful bidder shall answer public inquiries, direct complaints to the proper respondent and serve as Secretary of the Citizen Advisory Committee. A minimum of four (4) rotary telephone lines shall be provided, using the existing information phone number, if possible, for client registration and information services.

5. Maintain records for client information and ridership data, as well as service summaries based on data collected by the transportation providers using the existing computer system.
6. Administer the Discretionary Free Fare program by establishing appropriate criteria, with City approval, determining recipients, and maintaining records.
7. Record in an account separate from the Contractor's other business activities all receipts and costs incurred in furtherance of the function. The accounts must be available for inspection or audit at the City's election.
8. Receive and schedule all trip orders by phone from eligible passengers and assign trip orders to the transportation provider(s) according to procedures subject to approval by the City.
9. Provide a minimum of eight (8) telephone lines dedicated to receiving calls requesting trips.
10. Operate the client registration and trip reservation service between the hours of 8:00 a.m. and 4:30 p.m. during weekdays except for holidays.
11. Coordinate the subscription trip service subject to review and approval by the City.
12. Develop, operate and maintain computer-assisted scheduling and management information system consisting of four subsystems:
 - a) Trip sheet processing
 - b) Computer-assisted scheduling and dispatching
 - c) Client certification file
 - d) Performance indicators

C. Conditions Precedent

The bidder may assume that the following hardware and software are already City property and will be available to the successful bidder:

Hardware

- 1 - IBM PC/AT microcomputer with keyboard, color graphic monitor, printer, and modem
- 4 - Terminals/monitors for order takers
- 1 - 8-line telephone sequencer with Call Management System (CMS)

Software

- Existing client file on IBM disk file
- Trip sheet processing, installed and tested
- Integration of trip sheet and client file software, installed and tested
- software for 4 on-line terminals to the IBM PC/AT, installed and tested

Function 2: Dedicated Vehicle Provider(s)

A. Objective

The objective of this function is to provide a fleet of up to forty (40) dedicated vehicles and drivers, which will be dispatched and scheduled by the Central Reservation Service described above in Function 1. All vehicles should be 1983 or newer vans which can carry between five (5) and fifteen (15) passengers. At least 80% of the proposed fleet should be lift equipped (with hydraulic or electric lifts, not ramps). All vehicles must have tinted windows, however air conditioning is preferred but not required. All vehicles must be equipped with two-way radios set to the frequency used by the Central Reservation Service. The City may contract with one or more bidders to provide the desired number of dedicated vehicles.

B. Duties

The duties of the dedicated vehicle provider(s) are:

1. Provide City permitted vehicles and drivers Monday through Friday 7 a.m. to 6 p.m., in shifts staggered to provide maximum coverage during peak hours of 8:30 a.m. to 11:30 a.m. and 1:00 p.m. to 4:00 p.m.
2. Store and secure vehicles overnight and during holidays and weekends in a conveniently located yard. The City will not reimburse more than one (1) hour of deadhead time per vehicle, per day.
3. Provide personnel between the hours of 8:00 a.m. and 4:30 p.m. to respond promptly to dispatch and scheduling instructions from the Central Reservation Service.
4. Provide backup for vehicles and drivers. The City will not reimburse vehicle hours when, due to an accident or break down, the vehicle is running more than one half hour late on the client schedule.

5. Train drivers in road and passenger safety, familiarize them with the service area and with the special needs of the client group.
6. Maintain and clean vehicles regularly.
7. Provide curb-to-curb service including assistance into and out of the vehicle, but not including escort onto private property.
8. Maintain daily driver logs and make driver logs available to the City.
9. Produce monthly service summaries.

Function 3: Insertion Trip Provider(s)

A. Objective

The function of the insertion trip is to augment the dedicated fleet by serving peripheral, off hour, "over-flow" trips and long medical trips. The intention is to allow the dedicated vehicle fleet to stay within smaller service zones and to maximize scheduling efficiency. It is anticipated that insertion trips will be required for no more than forty (40) to sixty (60) trips daily. Insertion trips will be booked on an as-needed basis and the City does not guarantee a minimum number of trips to the successful bidder(s). The City may contract with one or more bidders to provide insertion trips.

It is the intention of the City that the insertion trips be the unused seating and scheduling capacity of transportation vehicle providers and non-ambulatory lift-van companies already operating in the San Fernando Valley. It is not the City's intent to grant new or additional vehicle permits to companies so that they may participate in the program.

B. Duties

The duties of the insertion trip provider(s) are:

1. Accept trips dispatched or scheduled on an insertion basis into the Contractor's existing vehicle schedules. The Contractor may refuse trip orders that are in conflict with the Contractor's existing driver or vehicle schedules.
2. Provide City permitted vehicles and drivers.

3. Maintain a separate phone number or rotary line solely for the purpose of communicating with the Central Reservation Service.
4. Provide personnel between the hours of 8:00 a.m. and 4:30 p.m. whose duties shall include scheduling of client trips and receiving phone calls from the Central Reservation Service.
5. Provide curb-to-curb service including assistance into and out of the vehicle, but not including escort onto private property.
6. Maintain daily driver logs and make driver logs available to the City
7. Be responsible for the driver training.
8. Ensure that trips subsidized through other continuing funding sources not be subsidized instead by this program.
9. Produce a monthly service summary.

III. Proposal Requirements and Information

A. Reception

A copy of the standard contract terms and conditions as well as public documents, reports, and answers to all questions relative to this RFP, will be furnished upon written request. Questions regarding this RFP should be submitted to the Department of Transportation, Rates and Franchise Division, Room 1600, City Hall, 200 North Spring Street, Los Angeles, CA 90012, or by calling (213) 485-2752.

A bidder's conference for the purpose of providing technical direction, technical advice, and general orientation will be conducted by the Department of Transportation on _____ 1985. No statement or representation by any City personnel at such conference shall be considered contractually binding.

Proposals must be received by the Department of Transportation, Rates and Franchise Division, Room 1600, City Hall, 200 North Spring Street, Los Angeles, CA 90012 by 5:00 P.M. _____ or be postmarked no later than that date. The General Manager reserves the right to accept proposals or modifications thereof received after the date indicated for such purpose, prior to the date the award is made, should such action be in the best interest of the City. The General Manager also reserves the right to reject any or all proposals, to reissue the RFP, or to negotiate separately with any bidder when such action shall be considered in the best interest of the City. Notice is given of the possibility that an award may be made with limited discussion or negotiation.

The proposal must indicate on the Bidder Information Form (Appendix B) the period of time the proposal is firm, which must be at least through October 31, 1985.

B. Proposal Contents

1. General Information and Assurances

An original and six (6) copies of the bidder's proposal will be required. Each page of the proposal must be numbered in sequential order. The bidder shall use the attached forms to provide the information specified on the forms. The forms may be reproduced but the order and information listed on the forms shall not be changed.

In order to receive consideration, each proposal, certification, and representation submitted in response to this RFP must be signed by a company official having legal authority to bind the bidder. The bidder shall include on the Bidder Information Form (see Appendix B) the names and telephone numbers of persons authorized to represent the bidder in contractual matters including negotiations.

Section 388, of the Charter of the City of Los Angeles, requires that every proposal, bid, or offer shall have thereon or attached thereto the affidavit of the bidder indicating that such proposal is genuine, not sham or collusive, nor made in the interest of any person not therein named that the bidder has not directly or indirectly induced or solicited any other bidder to submit a sham bid or to refrain from bidding; and that the bidder has not in any manner sought by collusion to secure for himself an advantage over any other bidder. Any bid made without such affidavit or found to be in violation thereof, shall not be considered. The Bidder Information Form contains a declaration of non-collusion.

In responding to this RFP, the bidder must comply with Section 10.8.2 and 10.8.4 of the Los Angeles Administrative Code relating to discrimination and Affirmative Action.

It is the policy of the City of Los Angeles to utilize Minority and Women-Owned Business Enterprises (MBEs) (WBEs) in all aspects of contracting relating to procurement, construction, and personal services. MBEs and WBEs are defined as any business, bank, or financial institution which is owned and operated by a minority group member or woman, or such business, bank, or financial institution of whom 50 percent or more of its partners or stockholders are minority group members or women. If the business is publicly owned, the minority members or stockholders must have at least 51 percent interest in the business and possess control over management capital earnings.

Bidders shall make a good faith effort to fulfill this policy as part of their proposal. They shall indicate in their proposal how they intend to meet it and if unable to, shall state what good faith effort they have made to do so.

2. Prior Experience

The bidder shall submit a general description of the company including the number of years in business, other locations of firms and affiliate businesses and the number and type of employees. The Bidder shall also submit a history of its participation in community level transit for the elderly and physically handicapped. The history shall include the location, size of the system, length of time operating the system, and a contact person. The City reserves the right to check with these contact persons.

3. Insurance Requirements

The selected bidder(s) will be required to provide proof of insurance before the contract becomes effective. The attached insurance certificates with coverages set forth below will be used by the successful bidder(s) to show proof of insurance.

Minimum coverages shall be as follows:

- (1) Automobile Coverage, Bodily Injury and Property Damage - \$1,000,000 Combined Single Limit.
- (2) Worker's Compensation - Statutory limits in accordance with Sections 3700 and 3800 of the Labor Code of the State of California.
- (3) General Liability - \$1,000,000 Combined Single Limit.
- (4) Additional Insured - The City of Los Angeles shall be named as Additional Insured to all policies for vehicles serving the City contract.
- (5) Cancellation or Reduction Notice - 30 Day Notice of Cancellation or Reduction shall be mailed to City Attorney, 18th Floor, City Hall East, 200 North Main Street, Los Angeles, California 90012.

4. Proposal Organization

The City intends to continue to operate the San Fernando Valley Community Transit Program without major changes in the program's current operation. The bidder is requested to submit a minimal amount of narrative, but substantial documentation of costs for each function bid on. The specific nature of the narrative and cost documentation requested for each function is described below. All forms or worksheets referenced below are included in the Appendix.

a. Client Registration and Central Reservation Service:

Narrative

The bidder shall briefly describe the procedure that will be followed in registering clients, receiving trip orders and dispatching/scheduling vehicles. The narrative shall include a discussion of start-up time; the amount of and advance funds required; facility size, location and appropriateness; job descriptions and salary steps for all personnel proposed to be on the project; and resumes of key personnel. The bidder shall include an organization chart of its existing operation (if any), and a separate chart for the proposed organization. The narrative should also justify the bidder's expectation regarding vehicle productivity and passenger trips per vehicle hour.

Documentation of Costs

This Function shall be reimbursed in the 1985-1986 contract year based on actual costs as defined by a line item budget. Therefore, cost proposals for this Function must be documented in the line-item budget exhibits included in Appendix C. An explanation of the budget sheets and cost categories is included in Appendix D. The City during the RFP review process may ask for additional verification of costs proposed in the line-item budget.

b. Dedicated Vehicles

Narrative

The bidder shall briefly describe the type of equipment that is included in its fleet including year, make, seating capacity, inclusion of air conditioning and lift for each type of vehicle. The bidder shall describe the procedures for providing back-up vehicles and drivers; the time required for start-up along with the amount of advanced funds required; facilities for vehicle storage and maintenance; and job descriptions and resumes of key personnel. Organization charts similar to the ones required in a. above shall be submitted and shall be linked to the charts for the Client Registration and Central Reservation Service Functions if both are being bid. The narrative should be very specific regarding vehicle availability. If the proposed vehicles are to be purchased, a letter(s) from a vehicle dealership(s) or supplier(s) evidencing vehicle availability and financing is required.

Documentation of Vehicle Hourly Rate

Appendix E contains a Vehicle Hourly Rate Bid Form. The purpose of this form is to validate all vehicle hourly rate proposals. The City will not accept any vehicle hourly rate that has not been documented on the form. The City may also during the RFP review process, ask to see back-up information for estimates of costs listed in the form (for instance additional verification of insurance costs, depreciation, etc).

A bidder may submit one or more bids for up to 40 dedicated vehicles in increments of at least five vehicles. For instance, one bid may be for 20 vehicles, another for 25 vehicles and another for 40 vehicles. The bidder must complete Appendix E, Dedicated Vehicle Hourly Rate Bid Form and Appendix F, Vehicle Cost Worksheet, for each bid. If a bidder elects to bid every increment of five vehicles, it should submit eight bid forms and eight worksheets.

c. Insertion Trips

Narrative

The bidder shall briefly describe the procedure that will be followed in receiving and dispatching trip orders; the number and the type of equipment that is included in the vehicle fleet including make, seating capacity, air conditioning and lift; the method of maintaining communication with the vehicles; time required for start-up; the facilities available for dispatch, vehicle storage, and maintenance; and the bidder shall submit job descriptions and resumes of key personnel.

Documentation of Costs:

Insertion Trips reimbursement will be based on a per trip rate. There will be one trip rate which applies to both ambulatory and non-ambulatory passengers. The bidder should assume an average trip length of seven (7) miles. The bidder shall fill out Appendix G, Insertion Trip Bid Form. A Vehicle Cost Worksheet should be attached to the Insertion Trip Bid Form.

IV. Proposal Evaluation and Selection

Any award made by the City shall be based on such factors as the experience of the bidder (on both a quality and quantity basis), the quality of the administration, the lowest operational budget, the type and availability of equipment, and such other factors as the City may deem necessary. The General Manager of the Department of Transportation reserves the right to accept any or all proposals or any portion of the proposals as it relates to the program.

If deemed necessary, the bidder's business locations may be visited by Department staff for the purpose of evaluating operating procedures, accounting practices, facilities and personnel. References from previous or ongoing contracts may also be contacted by City staff as part of the evaluation process.

The bidder is cautioned to carefully read and follow the instructions herein. Failure to furnish all of the forms, worksheets and information requested will be reflected in the evaluation of each proposal and may be cause for disqualification of the proposal.

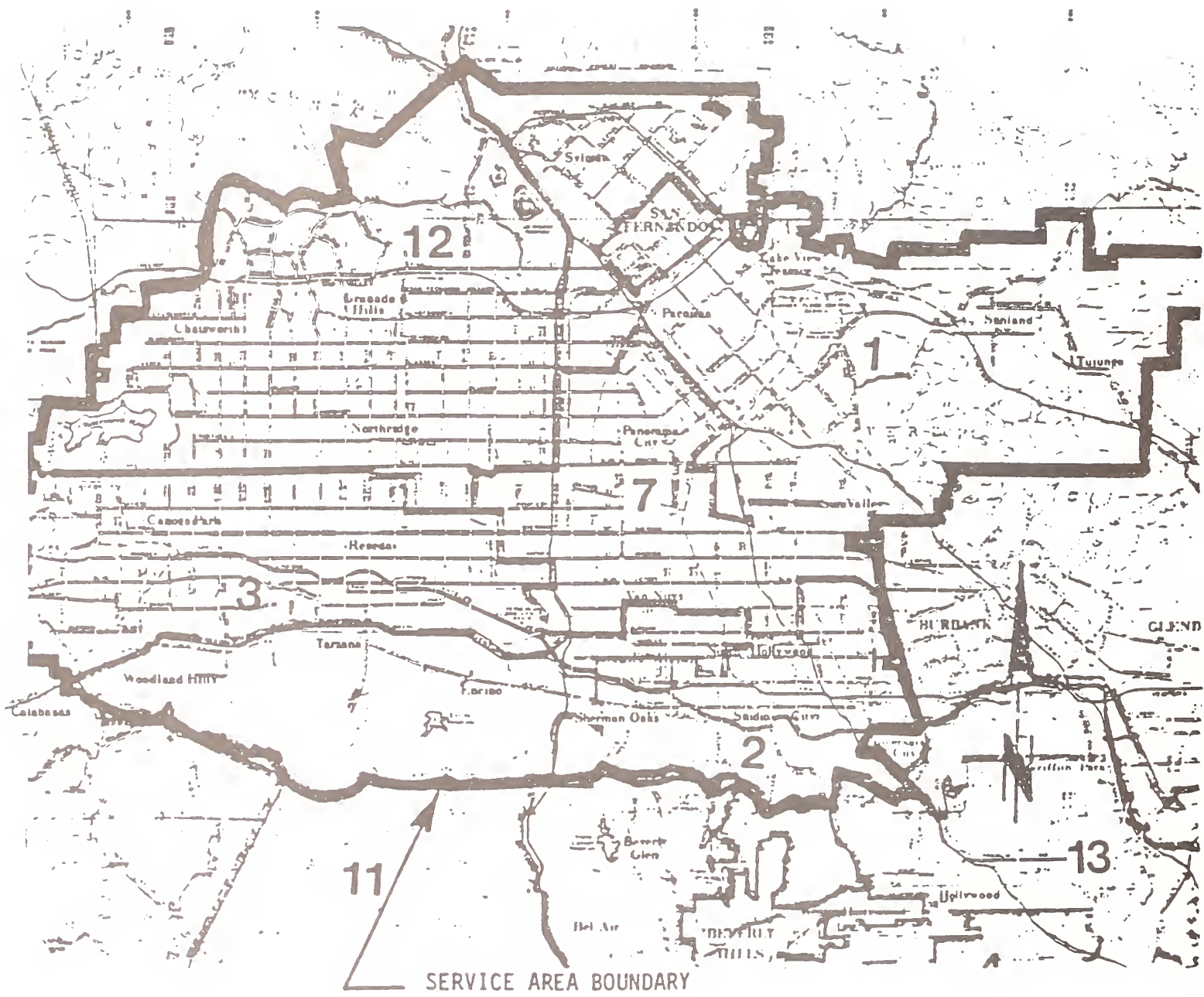
In evaluating proposals for Function 1, Client Registration and Central Reservation Service, the criteria listed below will be weighted in the following manner:

General Administration	30%
Prior Experience of Bidder	30
Costs and Rates	40
	<hr/>
	100%

In evaluating proposals for Function 2, Dedicated Vehicle Provider, and Function 3, Insertion Trip provider, the criteria listed below will be weighted in the following manner:

Operations Management	10%
Equipment Quality and Availability	20
Prior Experience	30
Costs and Rates	40
	<hr/>
	100%

APPENDIX A



SAN FERNANDO VALLEY COMMUNITY TRANSIT PROGRAM

APPENDIX B
SAN FERNANDO VALLEY COMMUNITY TRANSIT PROGRAM
BIDDER INFORMATION FORM

1. Name of Bidder _____

2. Bidder's Address and Telephone Number:

3. Bidder is a (Check One)

Corporation	_____	in the State of	_____
Partnership	_____	in the State of	_____
Sole Proprietorship	_____		

4. City of Los Angeles Business License Number _____

5. Public Utilities Commission permit or certificate number(s) _____

6. The Bidder, by signing this form, agrees that the attached proposal is firm from the date of the proposal through (date) _____
(date must be at least October 31, 1985).

7. Declaration of Non-Collusion

The undersigned certifies (or declares) under penalty of perjury that this bid is genuine and not sham or collusive, or made in the interest or on behalf of any person, firm, or corporation not herein named; that the bidder has not directly or indirectly induced or solicited any other bidder to put on a sham bid, or any other person, firm, or corporation to refrain from bidding, and that the bidder has not in any manner sought by collusion to secure to himself any advantage over other bidders.

8. Name, signature and title of persons authorized to represent and sign for bidder:

Typed Name	Signature	Title
_____	_____	_____
_____	_____	_____
_____	_____	_____

9. Date of Proposal: _____

10. Attach a current financial report including balance sheet income statement and source and use of funds statement.

APPENDIX C

Program Budget Exhibits

(To be used in bidding on the
Client Registration and Central
Reservation Service Function)

City of Los Angeles - Department of Transportation

Contract No. _____

Amendment No. _____

Contractor

Account No.	Account Name	Total Funds	PALTA Funds	Farebox Revenue		
1401	Personnel					
1402	Employee Benefits					
1403	Consultants & Contracts					
1404	Travel					
1405	Space					
1406	Consumable Supplies					
1407	Equipment Rent/Purchase					
1408						
	Total					

Contract No. _____

Amendment No. _____

San Fernando Valley Community Transit Program (Valtrans)
Program Title

[illegible]

EXHIBIT III - PROGRAM BUDGET

EMPLOYEE BENEFITS (Account No. 1402)

City of Los Angeles - Department of Transportation

Contract No. _____

Amendment No. _____

San Fernando Valley Community Transit Program (Valtrans)

Contractor

Description of Benefits and Cost Basis	PALTA Funds				Line Total Cost
Total Employee Benefits Account No. 1402					

EXHIBIT IV - PROGRAM BUDGET

OTHER ACCOUNTS

City of Los Angeles - Department of Transportation

Contract No. _____

Amendment No. _____

San Fernando Valley Community Transit Program (Valtrans)
Program Title

Contractor

Account No.	Description of Cost Account or Subaccount and Cost Basis	PALTA Funds	Farebox Revenue		Total Funds

Appendix D

BUDGET SHEET EXPLANATION

1401 Personnel

Indicate each position that corresponds to your organization chart for the administration and operation of the program. Show the number of positions, the title of each position, the salary step in effect during the period covered by the contract, the monthly salary (based upon 100% time), the percentage of time devoted to the program and the number of equivalent months of employment. Salaries shall not include overhead costs, indirect costs, contractor fees or fringe benefits. Driver salaries shall be shown here.

1402 Fringe Benefits

List each fringe benefit, including vacation time, the basis for the cost and itemize by each class of employee.

1403 Consultant & Contracts

The hourly rates and number of hours to be dedicated to the program shall be shown. For special studies or professional services additional information shall be required on a separate sheet. The information should include the following:

a. Statement of Problem

(What need is not being met? What practices or conventional methods are inadequate?)

b. Objective of Proposal

(Brief, specific statement)

c. Proposal Description

(Less than 100 words. The purpose here is to clarify, not confuse. Vague terms and buzz words are to be minimized. Where helpful, examples should be used).

d. List of Major Tasks and Time Schedule

(Include no more than 10 listed tasks with each described in 10 words or less.)

e. Milestone Products Relating to Major Tasks

(Time relationship to Major Tasks should be indicated. Milestone Products should be limited to three.)

- f. Payment Schedule from the Department of Transportation to the Contractor, based on Department of Transportation approval of Milestone Product
- g. Personnel Statement
(Who has the expertise to perform the work?)
- h. Benefit to the Subject Community Transit Program
(Qualitative and quantitative. Will the cost efficiencies of the implemented proposal offset the cost to study it?)

1404 Travel

This shall include parking fees, vehicle mileage costs, and vehicle insurance for the administrative staff. Indicate monthly travel and unit mileage costs.

1405 Office Space

Indicate the floor area dedicated to the program and the unit area cost.

1406 Consumable Supplies

This should be a lump sum estimated for general office supplies.

1407 Equipment Rental/Purchase

This should be an itemized list of office furniture, telecommunication devices, photocopy machinery, etc., with the rental rate, total cost, or credit shown. Vehicle costs are not to be included here.

1408 Other

Show "Other" items in the following subcategories:

- a. Insurance
- b. Advertising and Marketing
(This includes printing, distribution, and media presentation costs for publicizing the program.)
- c. Coupon/Voucher Printing
- d. Postage and Handling

(This includes mass mail out costs for advertising and coupon/voucher distribution.)

e. Contractor Fee (5% of 1401 through 1408d)

(The Contractor Fee is considered profit and shall not include overhead or other indirect costs, as they should be explicitly covered elsewhere. The granting of a Contractor Fee shall not be considered by the City unless clear justification is shown.)

f. Etc.

(Costs that cannot be categorized elsewhere.)

APPENDIX E

DEDICATED VEHICLE HOURLY RATE BID FORM San Fernando Valley Community Transit Program

	Vehicle I.D.	Year	Make	Seating Capacity	Lift Equipped	Hourly Rate
1.						
2.						
3.						
4.						
5.						
6.						
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PART OF LACTC REQUEST FOR PROPOSALS
COST ITEMIZATION

VI EVALUATION OF THE PROPOSALS

All proposals will be examined, during formal evaluation sessions, by a team of City staffpersons, employing a detailed, uniform grading scheme which assigns points to various items within each of five categories. Points will be assigned, by substantive area, as follows:

<u>ITEM</u>	<u>MAXIMUM TOTAL POINTS</u>
Cost	65
Experience and Capabilities	10
Understanding of the Problem	5
Resources and Facilities	7
Operating and Management Functions	13

Note that the basic prerequisites of service (Section III of this RFP) must be met in order for the bidder to be considered and evaluated. For example, lower costs for an older fleet will NOT satisfy the requirements of this proposal.

VII BUDGET AND FINANCIAL STATEMENT

All bidders must complete Form B-1 which follows. In addition, costs for Option A (supplementary Olympic Games Shuttle), or any other suggested options may be submitted on this form, or in any other similar format more appropriate to the option to which it pertains. Bidders must, in addition, verify that they have adequate assets to undertake the effort they propose, and that such assets are free of liens and incumbrances to the degree that such liens or incumbrances might reasonably interfere with the provision of the service proposed. Finally, bidders must identify, in a format of their choice, any costs associated with implementation (not including capital acquisition). All capital or leasing costs are to be included as a line item in the operating budget. ALL BIDDERS' COSTS MUST BE REALISTIC. BIDDERS WILL BE ASKED TO DOCUMENT THEIR ABILITY TO OPERATE AT UNUSUALLY LOW COSTS WHERE THE CITY DETERMINES THAT SUCH PROPOSALS ARE NOT REALISTIC.

FORM B-1: OPERATING BUDGET

Indicate, per vehicle hour, costs as follows:*

DIRECT LABOR _____

(Drivers ----- _____)
(Maintenance ----- _____)
(Management/Administration/Supervisory _____)
(Planning/Design/Monitoring/Evaluation _____)
(Dispatching and other non-Driving --- _____)
(Training ----- _____)
(Other ----- _____)

FRINGE BENEFITS AND OTHER INDIRECT OVERHEAD _____

CAPITAL AND CONSUMABLE _____

(Facilities ----- _____)
(Maintenance Equip., Parts and Supplies _____)
(Vehicle Leasing or Amortization ----- _____)*
(Equipment (radios, fareboxes, etc.) - _____)
(Fuel ----- _____)**
(Insurance ----- _____)*,**
(Other ----- _____)

PROFIT OR FEE _____

TOTAL _____

*Assumes 15,875 vehicle hours of operation per year, not including Olympic Games shuttles.

**Assumes an average coverage of 20 miles per vehicle hour.

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